Davor Rukavina Julian P. Vasek MUNSCH HARDT KOPF & HARR, P.C. 500 N. Akard Street, Suite 3800 Dallas, Texas 75202-2790 (214) 855-7500 telephone (214) 978-4375 facsimile Email: drukavina@munsch.com

ATTORNEYS FOR NEXPOINT ADVISORS, L.P.

IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF TEXAS DALLAS DIVISION

In re:	_ §	
	§	Chapter 11
HIGHLAND CAPITAL MANAGEMENT, L.P.,	§	
	§	Case No. 19-34054-sgj11
Debtor.	§	
	_ §	
HIGHLAND CAPITAL MANAGEMENT, L.P.,	§	
	§	
Plaintiff,	§	Adv. No. 21-03005-sgj
	§	
VS.	§	Civ. Act. No. 3:21-cv-00880-C
	§	
NEXPOINT ADVISORS, L.P., JAMES	§	
DONDERO, NANCY DONDERO, AND THE	§	
DUGABOY INVESTMENT TRUST,	§	
	§	
Defendants.	_ §	

APPENDIX IN SUPPORT OF OBJECTION OF NEXPOINT ADVISORS, L.P. TO ORDER DENYING MOTIONS TO EXTEND EXPERT DISCLOSURE AND DISCOVERY DEADLINES

APPENDIX

Docket No.	<u>Document</u>	App. Page
CA 10	District Court Order (adopting Bankruptcy Court's report and	001
	recommendation)	
AP 63	Amended Complaint for (I) Breach of Contract, (II) Turnover of Property,	003
	(III) Fraudulent Transfer, and (IV) Breach of Fiduciary Duty	
AP 64	Defendant NexPoint Advisors, L.P.'s Answer to Amended Complaint	076
AP 86	Motion of Defendant NexPoint Advisors, L.P. to Extend Expert Disclosure	089
	and Discovery Deadlines	
AP 104	Highland's Objection to Motion of Defendant NexPoint Advisors, L.P. to	534
	Extend Expert Disclosure and Discovery Deadlines	
AP 105	Highland's Memorandum of Law in Support of Objection to Motion of	538
	Defendant NexPoint Advisors, L.P. to Extend Expert Disclosure and	
	Discovery Deadlines	
AP 106	Declaration of John A. Morris in Support of Highland's Objection to Motion	561
	of Defendant NexPoint Advisors, L.P. to Extend Expert Disclosure and	
	Discovery Deadlines	
AP 109	Memorandum Opinion and Order Denying Arbitration Request and Related	774
	Relief	
AP 115	Reply of Defendant NexPoint Advisors, L.P. in Support of Motion to	786
	Extend Expert Disclosure and Discovery Deadlines	
AP 120	Notice of Expert Report of Steven J. Pully	830
AP 124	Transcript of Hearing Held on December 13, 2021	856
AP 138	Order Denying Motions to Extend Expert Disclosure and Discovery	894
	Deadlines	

U.S. Bankruptcy Court, Adversary Proceeding No. 21-03005 ("<u>AP</u>") U.S. District Court, Civil Action No. 3:21-cv-0880-C ("<u>CA</u>")

IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF TEXAS DALLAS DIVISION

In re:)	
HIGHLAND CAPITAL MANAGEMENT, L.P.,)	Case No. 19-34054-SGJ-11
Debtor(s).)	
*	* *	
HIGHLAND CAPITAL MANAGEMENT, L.P.,)	
Plaintiff(s),)	
v.)	Adversary No. 21-03005-SGJ
NEXPOINT ADVISORS, L.P.,)	
Defendant(s).)	Civil Action No. 3:21-CV-0880-C

ORDER

CAME BEFORE THIS COURT FOR CONSIDERATION the Report and
Recommendation, signed by the Honorable Stacey G. C. Jernigan, United States Bankruptcy
Judge, therein recommending that the District Court: (1) grant Defendant's Motion to Withdraw
the Reference at such time as the Bankruptcy Court certifies that litigation is trial-ready; and
(2) defer to the Bankruptcy Court the handling of all pretrial matters.¹

After due consideration and having conducted a *de novo* review, the Court finds that Defendant's limited objections should be **OVERRULED**. Furthermore, after reviewing the thorough and well-reasoned Report and Recommendation, the Court is of the opinion that the

On July 22, 2021, Defendant Nexpoint Advisors, L.P. filed limited objections to the Report and Recommendation.

Report and Recommendation entered by the Bankruptcy Court should be **ADOPTED** as the findings and conclusions of this Court.

IT IS THEREFORE ORDERED that Defendant's Motion to Withdraw Reference shall be granted, but only at such time as the Bankruptcy Court certifies to this Court that the litigation is trial-ready.

IT IS FURTHER ORDERED that the Bankruptcy Court shall handle all pretrial matters, including discovery and the filing of reports and recommendations on dispositive motions, which shall in turn be considered by the undersigned Senior United States District Judge.

IT IS FURTHER ORDERED that this civil action be STAYED pending further Order of the Court.²

SO ORDERED.

Dated July 28, 2021.

SAM R. CUMMINGS

SENIOR UNITED STATES DISTRICT JUDGE

² The stay imposed in this civil action shall be lifted upon the filing of a subsequent report and recommendation or at such time as the Bankruptcy Court certifies to this Court that the litigation is trial-ready.

PACHULSKI STANG ZIEHL & JONES LLP

Jeffrey N. Pomerantz (CA Bar No.143717) (admitted pro hac vice) Ira D. Kharasch (CA Bar No. 109084) (admitted pro hac vice) John A. Morris (NY Bar No. 2405397) (admitted pro hac vice) Gregory V. Demo (NY Bar No. 5371992) (admitted pro hac vice) Hayley R. Winograd (NY Bar No. 5612569) (admitted pro hac vice) 10100 Santa Monica Blvd., 13th Floor Los Angeles, CA 90067

Telephone: (310) 277-6910 Facsimile: (310) 201-0760

HAYWARD PLLC Melissa S. Hayward Texas Bar No. 24044908 MHayward@HaywardFirm.com Zachery Z. Annable

Texas Bar No. 24053075 ZAnnable@HaywardFirm.com 10501 N. Central Expy, Ste. 106

Dallas, Texas 75231 Tel: (972) 755-7100 Fax: (972) 755-7110

Counsel for Highland Capital Management, L.P.

IN THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF TEXAS DALLAS DIVISION

In re:	§ §	Chapter 11
HIGHLAND CAPITAL MANAGEMENT, L.P.,1	§ §	Case No. 19-34054-sgj11
Debtor.	§ §	
HIGHLAND CAPITAL MANAGEMENT, L.P.,	§	
Plaintiff,	§ §	Adversary Proceeding No.
vs.	§ §	21-03005
NEXPOINT ADVISORS, L.P., JAMES DONDERO, NANCY DONDERO, AND THE DUGABOY INVESTMENT TRUST,	9 8 8 8	
Defendants.	5	

DOCS_NY:41984.9 36027/002

APP 003

¹ The Debtor's last four digits of its taxpayer identification number are (6725). The headquarters and service address for the above-captioned Debtor is 300 Crescent Court, Suite 700, Dallas, TX 75201.

AMENDED COMPLAINT FOR (I) BREACH OF CONTRACT, (II) TURNOVER OF PROPERTY, (III) FRAUDULENT TRANSFER, AND (IV) BREACH OF FIDUCIARY DUTY

Plaintiff, Highland Capital Management, L.P., the above-captioned debtor and debtor-in-possession (the "<u>Debtor</u>") in the above captioned chapter 11 case (the "<u>Bankruptcy Case</u>"), and the plaintiff (the "<u>Plaintiff</u>") in the above-captioned adversary proceeding (the "<u>Adversary Proceeding</u>") by its undersigned counsel, as and for its amended complaint (the "<u>Complaint</u>") against defendants NexPoint Advisors, L.P. ("<u>NPA</u>"), James Dondero ("<u>Mr. Dondero</u>"), Nancy Dondero ("<u>Ms. Dondero</u>"), and The Dugaboy Investment Trust ("<u>Dugaboy</u>" and together with NPA, Mr. Dondero, and Ms. Dondero, the "<u>Defendants</u>"), alleges upon knowledge of its own actions and upon information and belief as to other matters as follows:

PRELIMINARY STATEMENT

- 1. The Debtor brings this action against Defendants in connection with NPA's default under a promissory note executed by NPA in favor of the Debtor in the original principal amount of \$30,746,812.33, and payable in annual installments. NPA has failed to pay amounts when due under the Note (as defined below), the Note is in default, and the amounts due under the Note have been accelerated pursuant to the terms of the Note.
- 2. In paragraph 42 of NPA's *First Amended Answer* [Docket No. 34-3], NPA contends that the Debtor orally agreed to relieve it of the obligations under the notes upon fulfillment of "conditions subsequent" (the "Alleged Agreement"). NPA further contends that the Alleged Agreement was entered into between James Dondero, acting on behalf of NPA, and his sister, Nancy Dondero, as representative of a majority of the Class A shareholders of the Plaintiff, including Dugaboy (the "Representative"), acting on behalf of the Debtor. At the time Mr.

Dondero entered into the Alleged Agreement on behalf of NPA, he controlled both NPA and the Debtor and was the lifetime beneficiary of Dugaboy.

- 3. Based on its books and records, discovery to date, and other facts, the Debtor believes that the Alleged Agreement is a fiction created after the commencement of this Adversary Proceeding for the purpose of avoiding or at least delaying paying the obligations due under the Note.
- 4. Nevertheless, the Debtor amends its Complaint to add certain claims and name additional parties who would be liable to the Debtor if the Alleged Agreement were determined to exist and be enforceable. Specifically, in addition to pursuing claims against NPA for breach of its obligations under the Note and for turnover, the Debtor adds alternative claims (a) against NPA for actual fraudulent transfer and aiding and abetting Dugaboy in its breach of fiduciary duty, (b) against Dugaboy for declaratory relief and for breach of fiduciary duty, and (c) against Nancy Dondero for aiding and abetting Dugaboy in the breach of his fiduciary duties.
- 5. As remedies, the Debtor seeks (a) damages from NPA in an amount equal to (i) the outstanding principal due under the Note (as defined below), plus (ii) all accrued and unpaid interest thereon until the date of payment, plus (iii) an amount equal to the Debtor's costs of collection (including all court costs and reasonable attorneys' fees and expenses, as provided for in the Note), for NPA's breach of its obligations under the Note, (b) turnover by NPA to the Debtor of the foregoing amounts; (c) avoidance of the Alleged Agreement and the transfers thereunder and recovery of the funds transferred from the Plaintiff to, or for the benefit of, NPA pursuant to the Note; (d) declaratory relief, and (e) damages arising from the Defendants' breach of fiduciary duties or aiding and abetting thereof.

JURISDICTION AND VENUE

- 6. This adversary proceeding arises in and relates to the Debtor's case pending before the United States Bankruptcy Court for the Northern District of Texas, Dallas Division (the "Court") under chapter 11 of the Bankruptcy Code.
- 7. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334.
- 8. This matter is a core proceeding within the meaning of 28 U.S.C. § 157(b), and, pursuant to Rule 7008 of the Bankruptcy Rules, the Debtor consents to the entry of a final order by the Court in the event that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments consistent with Article III of the United States Constitution.
 - 9. Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

THE PARTIES

- 10. The Debtor is a limited liability partnership formed under the laws of Delaware with a business address at 300 Crescent Court, Suite 700, Dallas, Texas 75201.
- 11. Upon information and belief, NPA is a limited partnership with offices located in Dallas, Texas, and organized under the laws of the state of Delaware.
- 12. Upon information and belief, Mr. Dondero is an individual residing in Dallas, Texas. He is the co-founder of the Debtor and was the Debtor's President and Chief Executive Officer until his resignation on January 9, 2020. At all relevant times, Mr. Dondero controlled NPA; Mr. Dondero also controlled the Debtor until January 9, 2020.
- 13. Upon information and belief, Dugaboy is (a) a limited partner of the Debtor, and (b) one of Mr. Dondero's family investment trusts for which is he a lifetime beneficiary.

14. Upon information and belief, Nancy Dondero is an individual residing in the state of Florida and who is Mr. Dondero's sister, and a trustee of Dugaboy.

CASE BACKGROUND

- 15. On October 16, 2019, the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the "Delaware Court"), Case No. 19-12239 (CSS) (the "Highland Bankruptcy Case").
- 16. On October 29, 2019, the U.S. Trustee in the Delaware Court appointed an Official Committee of Unsecured Creditors (the "Committee") with the following members: (a) Redeemer Committee of Highland Crusader Fund ("Redeemer"), (b) Meta-e Discovery, (c) UBS Securities LLC and UBS AG London Branch, and (d) Acis Capital Management, L.P. and Acis Capital Management GP LLC (collectively, "Acis").
- 17. On June 25, 2021, the U.S. Trustee in this Court filed that certain *Notice of Amended Unsecured Creditors' Committee* [Docket No. 2485] notifying the Court that Acis and Redeemer had resigned from the Committee.
- 18. On December 4, 2019, the Delaware Court entered an order transferring venue of the Highland Bankruptcy Case to this Court [Docket No. 186].²
- 19. The Debtor has continued in the possession of its property and has continued to operate and manage its business as a debtor-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in this chapter 11 case.

5

² All docket numbers refer to the main docket for the Debtor's Case maintained by this Court.

STATEMENT OF FACTS

A. The NPA Note

- 20. NPA is the maker under a promissory note in favor of the Debtor.
- 21. Specifically, on May 31, 2017, NPA executed a promissory note in favor of the Debtor, as payee, in the original principal amount of \$30,746, 812.33 (the "Note"). A true and correct copy of the Note is attached hereto as **Exhibit 1**.
- 22. Section 2 of the Note provides: "Payment of Principal and Interest.

 Principal and interest under this Note shall be due and payable as follows:
 - 2.1 Annual Payment Dates. During the term of this Note, Borrower shall pay the outstanding principal amount of the Note (and all unpaid accrued interest through the date of each such payment) in thirty (30) equal annual payments (the "Annual Installment") until the Note is paid in full. Borrower shall pay the Annual Installment on the 31st day of December of each calendar year during the term of this Note, commencing on the first such date to occur after the date of execution of this note.
 - **2.2** <u>Final Payment Date</u>. The final payment in the aggregate amount of the then outstanding and unpaid Note, together with all accrued and unpaid interest thereon, shall become immediately due and payable in full on December 31, 2047 (the "<u>Maturity Date</u>").
 - 23. Section 3 of the Note provides:

<u>Prepayment Allowed: Renegotiation Discretionary</u>. Maker may prepay in whole or in part the unpaid principal or accrued interest of this Note. Any payments on this Note shall be applied first to unpaid accrued interest hereon, and then to unpaid principal hereof.

24. Section 4 of the Note provides:

Acceleration Upon Default. Failure to pay this Note or any installment hereunder as it becomes due shall, at the election of the holder hereof, without notice, demand, presentment, notice of intent to accelerate, notice of acceleration, or any other notice of any kind which are hereby waived, mature the principal of this Note and all interest then accrued, if any, and the same shall at once become due and payable and subject to those remedies of the holder hereof. No failure or delay on the part of the Payee in exercising any right, power, or privilege hereunder shall operate as a waiver hereof.

25. Section 6 of the Note provides:

Attorneys' Fees. If this Note is not paid at maturity (whether by acceleration or otherwise) and is placed in the hands of an attorney for collection, or if it is collected through a bankruptcy court or any other court after maturity, the Maker shall pay, in addition to all other amounts owing hereunder, all actual expenses of collection, all court costs and reasonable attorneys' fees and expenses incurred by the holder hereof.

B. NPA's Default Under the Note

- 26. NPA failed to make the payment due under the Note on December 31, 2020 in the amount of \$1,406,111.92.
- 27. By letter dated January 7, 2021, the Debtor made demand on NPA for immediate payment under the Note (the "<u>Demand Letter</u>"). A true and correct copy of the Demand Letter is attached hereto as <u>Exhibit 2</u>. The Demand Letter provides:

Because of Maker's failure to pay, the Note is in default. Pursuant to Section 4 of the Note, all principal, interest, and any other amounts due on the Note are immediately due and payable. The amount due and payable on the Note as of January 8, 2021 is \$24,471,804.98; however, interest continues to accrue under the Note.

The Note is in default, and payment is due immediately.

Demand Letter (emphasis in the original).

- 28. On January 14, 2021, in an apparent attempt to cure its default, NPA paid the Debtor the \$1,406,111.92 that was due on December 31, 2020 (the "Partial Payment").
- 29. The Note does not contain a cure provision. Therefore, the Partial Payment did not cure NPA's default. Accordingly, on January 15, 2021, the Debtor sent NPA a follow-up letter to its Demand Letter (the "Second Demand Letter"), a true and correct copy of which is attached hereto as **Exhibit 3**, stating:

[T]he Partial Payment will be applied as payment against the amounts due under the Note in accordance with Section 3 thereof. The Note remains in default, and all amounts due thereunder are due <u>immediately</u>.

After adjusting for the Partial Payment and the continued accrual of interest, the amount due under the Note as of January 15, 2021, is \$23,071,195.03 (which amount does not include expenses incurred to date in collecting the Note).

Second Demand Letter (emphasis in original).

- 30. Despite the Debtor's demands, NPA did not pay the amount demanded by the Debtor on January 7, 2021, or at any time thereafter.
- 31. As of January 15, 2021, the total outstanding principal and accrued but unpaid interest due under the Note was \$23,071,195.03
- 32. Pursuant to Section 4 of the Note, the Note is in default, and is currently due and payable.

C. The Debtor Files the Original Complaint

33. On January 22, 2021, the Debtor filed the *Complaint for (I) Breach of Contract and (II) Turnover of Property of the Debtor's Estate* [Docket No. 1] (the "Original Complaint"). In the Original Complaint, the Debtor brought claims for (i) breach of contract for NPA's breach of its obligations under the Note and (ii) turnover by NPA for the outstanding amounts under the Note, plus all accrued and unpaid interest until the date of payment plus the Debtor's costs of collection and reasonable attorney's fees.

D. NPA's Affirmative Defenses

- 34. On March 1, 2021, NPA filed *Defendant's Original Answer* [Docket No. 6] (the "Original Answer"). In its Original Answer, NPA asserted three affirmative defenses: (i) the claims are barred because the Plaintiff caused NPA to default, (ii) the claims are barred because the Plaintiff caused NPA to delay in making payment, and (iii) waiver and estoppel. *See id.* ¶¶39-41.
- 35. On June 9, 2021, NPA filed *Defendant's First Amended Answer* [Docket No. 35-3] (the "Amended Answer"), that asserted a new affirmative defense; namely, that the

Debtor previously agreed that it would not collect on the Notes "upon fulfillment of conditions subsequent" (i.e., the Alleged Agreement) id. ¶42.

- 36. According to NPA, the Alleged Agreement was orally entered into "sometime between December of the year each note was made and February of the following year."
- 37. According to NPA, Mr. Dondero, acting on its behalf, entered into the Alleged Agreement with his sister, Nancy Dondero, acting as the Representative.
- 38. Mr. Dondero controlled both NPA and the Debtor at the time he entered into the Alleged Agreement on behalf of NPA.
- 39. Upon information and belief, the Debtor's books and records do not reflect the Alleged Agreement.

E. <u>Dugaboy Lacked Authority to Act on Behalf of the Debtor</u>

- 40. Under section 4.2 of the Fourth Amended and Restated Agreement of Limited Partnership of Highland Capital Management, L.P. (the "Limited Partnership Agreement"), and attached hereto as **Exhibit 4**, Dugaboy was not authorized to enter into the Alleged Agreement on behalf of the Partnership, or otherwise bind the Partnership (as "Partnership" is defined in the Limited Partnership Agreement).
 - 41. Section 4.2(b) of the Limited Partnership Agreement states:

<u>Management of Business</u>. No Limited Partner shall take part in the control (within the meaning of the Delaware Act) of the Partnership's business, transact any business in the Partnership's name, or have the power to sign documents for or otherwise bind the Partnership other than as specifically set forth in this Agreement.

Exhibit 4, § 4.2(b).

42. No provision in the Limited Partnership Agreement authorizes any of the Partnership's limited partners to bind the Partnership.

43. Nancy Dondero also lacked authority to enter into the Alleged Agreement or to otherwise bind the Debtor

FIRST CLAIM FOR RELIEF (Against NPA)

(For Breach of Contract)

- 44. The Debtor repeats and re-alleges the allegations in each of the foregoing paragraphs as though fully set forth herein.
 - 45. The Note is a binding and enforceable contract.
- 46. NPA breached the Note by failing to pay all amounts due to the Debtor upon NPA's default and acceleration.
- 47. Pursuant to the Note, the Debtor is entitled to damages from NPA in an amount equal to (i) the aggregate outstanding principal due under the Note, plus (ii) all accrued and unpaid interest thereon until the date of payment, plus (iii) an amount equal to the Debtor's costs of collection (including all court costs and reasonable attorneys' fees and expenses), for NPA's breach of its obligations under the Note.
- 48. As a direct and proximate cause of NPA's breach of the Note, the Debtor has suffered damages in the amount of at least \$23,071,195.03, as of January 15, 2021, plus an amount equal to all accrued buy unpaid interest from that date, plus the Debtor's cost of collection.

SECOND CLAIM FOR RELIEF (Against NPA) (Turnover by NPA Pursuant to 11 U.S.C. § 542(b))

- 49. The Debtor repeats and re-alleges the allegations in each of the foregoing paragraphs as though fully set forth herein.
- 50. NPA owes the Debtor an amount equal to (i) the aggregate outstanding principal due under the Note, plus (ii) all accrued and unpaid interest thereon until the date of

payment, plus (iii) an amount equal to the Debtor's costs of collection (including all court costs and reasonable attorneys' fees and expenses), for NPA's breach of its obligations under the Note.

- 51. The Note is property of the Debtor's estate that is matured and payable upon default and acceleration.
 - 52. NPA has not paid the amount due under the Note to the Debtor.
- 53. The Debtor has made demand for the turnover of the amount due under the Note.
- 54. As of the date of filing of this Complaint, NPA has not turned over the amount due under the Note.
 - 55. The Debtor is entitled to the amount due under the Note.

THIRD CLAIM FOR RELIEF

(Against NPA)

(Avoidance and Recovery of Actual Fraudulent Transfer Under 11 U.S.C. §§ 548(a)(1)(A) and 550)

- 56. The Debtor repeats and re-alleges the allegations in each of the foregoing paragraphs as though fully set forth herein.
- 57. The Debtor made the transfer pursuant to the Alleged Agreement within two years of the Petition Date.
- 58. Mr. Dondero entered into the Alleged Agreement on behalf of NPA with actual intent to hinder, delay, or defraud a present or future creditor, demonstrated by, *inter alia*:
 - (a) The transfer was made to, or for the benefit of, NPA, an insider of the Debtor.
 - (b) Mr. Dondero entered into the Alleged Agreement on behalf of NPA with his sister, Nancy Dondero.
 - (c) Mr. Dondero did not inform the Debtor's CFO or outside auditors about the Alleged Agreement.

- (d) The Debtor's books and record do not reflect the Alleged Agreement.
- (e) The Alleged Agreement was not subject to negotiation.
- (f) The value of the consideration received by the Debtor for the transfer was not reasonably equivalent in value.
- 59. The pattern of conduct, series of transactions, and general chronology of events under inquiry in connection with the debt NPA incurred under the Note demonstrates a scheme of fraud.
- 60. Pursuant to 11 U.S.C. § 550, the Debtor is entitled to recover for the benefit of the Debtor's estates the transfer made pursuant to the Alleged Agreement from NPA.
- 61. Accordingly, the Debtor is entitled to a judgement: (i) avoiding the Alleged Agreement and the transfer made thereunder, and (ii) recovering from NPA an amount equal to all obligations remaining under the Note.

FOURTH CLAIM FOR RELIEF

(Against NPA)

(Avoidance and Recovery of Actual Fraudulent Transfer Under 11 U.S.C. §§ 544(b) and 550, and Tex. Bus. & C. Code § 24.005(a)(1))

- 62. The Debtor repeats and re-alleges the allegations in each of the foregoing paragraphs as though fully set forth herein.
- 63. The Debtor made the transfers pursuant to the Alleged Agreement after, or within a reasonable time before, creditors' claims arose.
- 64. Mr. Dondero entered into the Alleged Agreement on behalf of NPA with actual intent to hinder, delay, or defraud a present or future creditor of the Debtor, demonstrated by, *inter alia*:
 - (g) The transfer was made to, or for the benefit of, NPA, an insider of the Debtor.

- (h) Mr. Dondero entered into the Alleged Agreement on behalf of NPA with his sister, Nancy Dondero.
- (i) Mr. Dondero did not inform the Debtor's CFO or outside auditor's about the Alleged Agreement.
- (j) Upon information and belief, the Debtor's books and record do not reflect the Alleged Agreement.
- (k) The Alleged Agreement was not subject to negotiation.
- (l) The value of the consideration received by the Debtor for the transfer was not reasonably equivalent in value.
- 65. Pursuant to 11 U.S.C. § 550, the Debtor is entitled to recover for the benefit of the Debtor's estates the transfers made in exchange for the Alleged Agreement from NPA.
- 66. Accordingly, the Debtor is entitled to a judgement: (i) avoiding the Alleged Agreement and the transfer made thereunder, and (ii) recovering from NPA an amount equal to all obligations remaining under the Notes.

FIFTH CLAIM FOR RELIEF (Against Dugaboy and Ms. Dondero) (For Declaratory Relief: -- 11 U.S.C. § 105(a) and Fed. R. Bankr. P. 7001)

- 67. The Debtor repeats and re-alleges the allegations in each of the foregoing
- paragraphs as though fully set forth herein.
- 68. A bona fide, actual, present dispute exists between the Debtor, on the one hand, and Dugaboy and Ms. Dondero on the other hand, concerning whether Dugaboy and/or Ms. Dondero, acting as the Representative, were authorized to enter into the Alleged Agreement on the Debtor's behalf.

- 69. A judgment declaring the parties' respective rights and obligations will resolve their dispute.
- 70. Pursuant to Bankruptcy Rule 7001, the Debtor specifically seeks declarations that:
 - (a) limited partners, including but not limited to Dugaboy, have no right or authority to take part in the control (within the meaning of the Delaware Act) of the Partnership's business, transact any business in the Partnership's name, or have the power to sign documents for or otherwise bind the Partnership other than as specifically provided in the Limited Partnership Agreement,
 - (b) neither Dugaboy nor Ms. Dondero (whether individually or as Representative) was authorized under the Limited Partnership Agreement to enter into the Alleged Agreement on behalf of the Partnership,
 - (c) neither Dugaboy nor Ms. Dondero (whether individually or as

 Representative) otherwise had any right or authority to enter into the Alleged

 Agreement on behalf of the Partnership, and
 - (d) the Alleged Agreement is null and void.

SIXTH CLAIM FOR RELIEF (Against Dugaboy and Ms. Dondero) (Breach of Fiduciary Duty)

- 71. The Debtor repeats and re-alleges the allegations in each of the foregoing paragraphs as though fully set forth herein.
- 72. If Dugaboy, as a limited partner, or Ms. Dondero, as Representative, had the authority to enter into the Alleged Agreement on behalf of the Debtor, then Dugaboy and/or Ms. Dondero would owe the Debtor a fiduciary duty.

- 73. If Dugaboy or Ms. Dondero (as Representative) had the authority to enter into the Alleged Agreement on behalf of the Debtor, then Dugaboy and/or Ms. Dondero breached their fiduciary duty of care to the Debtor by entering into and authorizing the purported Alleged Agreement on behalf of the Debtor.
- 74. Accordingly, the Debtor is entitled to recover from Dugaboy and Ms. Dondero (a) actual damages that the Debtor suffered as a result of their breach of fiduciary duty, and (b) for punitive and exemplary damages.

SEVENTH CLAIM FOR RELIEF

(Against James Dondero and Nancy Dondero)
(Aiding and Abetting a Breach of Fiduciary Duty)

- 75. The Debtor repeats and re-alleges the allegations in each of the foregoing paragraphs as though fully set forth herein.
- 76. James Dondero and Nancy Dondero (together, the "<u>Donderos</u>") were aware that Dugaboy would have fiduciary duties to the Debtor if it acted to bind the Debtor.
- 77. The Donderos aided and abetted Dugaboy's breach of its fiduciary duties to the Debtor by knowingly participating in the authorization of the purported Alleged Agreement.
- 78. The Donderos aided and abetted Dugaboy's breach of its fiduciary duty to the Debtor by knowingly participating in the authorization of the purported Alleged Agreement.
- 79. Accordingly, the Donderos are jointly and severally liable (a) for the actual damages that the Debtor suffered as a result of aiding and abetting Dondero's breaches of fiduciary duties, and (b) for punitive and exemplary damages

WHEREFORE, the Debtor prays for judgment as follows:

(i) On its First Claim for Relief, damages in an amount to be determined at trial but includes (a) the outstanding principal due under the Note, plus (b) all accrued and unpaid interest thereon until the date of payment, plus (c) an amount equal to

the Debtor's costs of collection (including all court costs and reasonable attorneys' fees and expenses);

- (ii) On its Second Claim for Relief, ordering turnover by NPA to the Debtor of an amount equal to (a) the outstanding principal due under the Note, plus (b) all accrued and unpaid interest thereon until the date of payment, plus (c) an amount equal to the Debtor's costs of collection (including all court costs and reasonable attorneys' fees and expenses);
- (iii) On its Third Claim for Relief, avoidance of the Alleged Agreement and the transfers thereunder pursuant to the Alleged Agreement arising from actual fraudulent transfer under section 548 of the Bankruptcy Code;
- (iv) On its Fourth Claim for Relief, avoidance of the Alleged Agreement and the transfers thereunder pursuant to the Alleged Agreement of funds arising from actual fraudulent transfer under Tex. Bus. & C. Code § 24.005(a)(1);
- (v) On its Fifth Claim for Relief, a declaration that: (a) limited partners, including but not limited to Dugaboy, have no right or authority to take part in the control (within the meaning of the Delaware Act) of the Partnership's business, transact any business in the Partnership's name, or have the power to sign documents for or otherwise bind the Partnership other than as specifically provided in the Limited Partnership Agreement, (b) neither Dugaboy nor Ms. Dondero (whether individually or as Representative) was authorized under the Limited Partnership Agreement to enter into the Alleged Agreement on behalf of the Partnership, (c) neither Dugaboy nor Ms. Dondero (whether individually or as Representative) otherwise had any right or authority to enter into the Alleged

Agreement on behalf of the Partnership, and (d) the Alleged Agreement is null and void;

- (vi) On its Sixth Claim for Relief, actual damages from Dugaboy and Ms. Dondero, in an amount to be determined at trial, that Debtor suffered as a result of their breach of fiduciary duty, and for punitive and exemplary damages;
- (vii) On its Seventh Claim for Relief, actual damages from the Donderos, jointly and severally, in an amount to be determined at trial, that Debtor suffered as a result of aiding and abetting Dugaboy's breaches of fiduciary duty, and for punitive and exemplary damages and
- (iii) Such other and further relief as this Court deems just and proper.

Dated: As of July 13, 2021

PACHULSKI STANG ZIEHL & JONES LLP Jeffrey N. Pomerantz (CA Bar No.143717) Ira D. Kharasch (CA Bar No. 109084) John A. Morris (NY Bar No. 2405397) Gregory V. Demo (NY Bar No. 5371992) Hayley R. Winograd (NY Bar No. 5612569) 10100 Santa Monica Blvd., 13th Floor

Los Angeles, CA 90067 Telephone: (310) 277-6910 Facsimile: (310) 201-0760

E-mail: jpomerantz@pszjlaw.com

ikharasch@pszjlaw.com jmorris@pszjlaw.com gdemo@pszjlaw.com hwinograd@pszjlaw.com

-and-

/s/ Zachery Z. Annable

HAYWARD PLLC
Melissa S. Hayward
Texas Bar No. 24044908
MHayward@HaywardFirm.com
Zachery Z. Annable
Texas Bar No. 24053075
ZAnnable@HaywardFirm.com
10501 N. Central Expy, Ste. 106
Dallas, Texas 75231

Tel: (972) 755-7100 Fax: (972) 755-7110

Counsel for Highland Capital Management, L.P.

EXHIBIT 1

PROMISSORY NOTE

\$30,746,812.33 May 31, 2017

THIS PROMISSORY NOTE (this "Note") is in substitution for and supersedes in their entirety each of those certain promissory notes described in Exhibit A hereto, from NexPoint Advisors, L.P., as Maker, and Highland Capital Management, L.P. as Payee (collectively, the "Prior Notes"), together with the aggregate outstanding principal and accrued and unpaid interested represented thereby.

FOR VALUE RECEIVED, NEXPOINT ADVISORS, L.P. ("Maker") promises to pay to the order of HIGHLAND CAPITAL MANAGEMENT, L.P. ("Payee"), in legal and lawful tender of the United States of America, the principal sum of THIRTY MILLION, SEVEN HUNDRED FORTY SIX THOUSAND, EIGHT HUNDRED TWELVE AND 33/100 DOLLARS (\$30,746,812.33), together with interest, on the terms set forth below. All sums hereunder are payable to Payee at 300 Crescent Court, Suite 700, Dallas, Texas 75201, or such other address as Payee may specify to Maker in writing from time to time.

- 1. <u>Interest Rate</u>. The unpaid principal balance of this Note from time to time outstanding shall bear interest at the rate of six percent (6.00%) per annum from the date hereof until Maturity Date (hereinafter defined), compounded annually on the anniversary of the date of this Note. Interest shall be calculated at a daily rate equal to 1/365th (1/366 in a leap year) of the rate per annum, shall be charged and collected on the actual number of days elapsed, and shall be payable annually.
- 2. <u>Payment of Principal and Interest</u>. Principal and interest under this Note shall be payable as follows:
 - 2.1 <u>Annual Payment Dates</u>. During the term of this Note, Borrower shall pay the outstanding principal amount of the Note (and all unpaid accrued interest through the date of each such payment) in thirty (30) equal annual payments (the "<u>Annual Installment</u>") until the Note is paid in full. Borrower shall pay the Annual Installment on the 31st day of December of each calendar year during the term of this Note, commencing on the first such date to occur after the date of execution of this Note.
 - 2.2 <u>Final Payment Date</u>. The final payment in the aggregate amount of the then outstanding and unpaid Note, together with all accrued and unpaid interest thereon, shall become immediately due and payable in full on December 31, 2047 (the "<u>Maturity Date</u>").
- 3. <u>Prepayment Allowed; Renegotiation Discretionary</u>. Maker may prepay in whole or in part the unpaid principal or accrued interest of this Note. Any payments on this Note shall be applied first to unpaid accrued interest hereon, and then to unpaid principal hereof.
- 4. <u>Acceleration Upon Default</u>. Failure to pay this Note or any installment hereunder as it becomes due shall, at the election of the holder hereof, without notice, demand, presentment, notice of intent to accelerate, notice of acceleration, or any other notice of any kind which are hereby waived, mature the principal of this Note and all interest then accrued, if any, and the same

shall at once become due and payable and subject to those remedies of the holder hereof. No failure or delay on the part of Payee in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

- 5. <u>Waiver</u>. Maker hereby waives grace, demand, presentment for payment, notice of nonpayment, protest, notice of protest, notice of intent to accelerate, notice of acceleration and all other notices of any kind hereunder.
- 6. <u>Attorneys' Fees</u>. If this Note is not paid at maturity (whether by acceleration or otherwise) and is placed in the hands of an attorney for collection, or if it is collected through a bankruptcy court or any other court after maturity, the Maker shall pay, in addition to all other amounts owing hereunder, all actual expenses of collection, all court costs and reasonable attorneys' fees and expenses incurred by the holder hereof.
- 7. <u>Limitation on Agreements</u>. All agreements between Maker and Payee, whether now existing or hereafter arising, are hereby limited so that in no event shall the amount paid, or agreed to be paid to Payee for the use, forbearance, or detention of money or for the payment or performance of any covenant or obligation contained herein or in any other document evidencing, securing or pertaining to this Note, exceed the maximum interest rate allowed by law. The terms and provisions of this paragraph shall control and supersede every other provision of all agreements between Payee and Maker in conflict herewith.
- 8. <u>Governing Law</u>. This Note and the rights and obligations of the parties hereunder shall be governed by the laws of the United States of America and by the laws of the State of Texas, and is performable in Dallas County, Texas.
- 9. <u>Prior Notes.</u> The original of each of the Prior Notes superseded hereby shall be marked "VOID" by Payee.

MAKER:

NEXPOINT ADVISORS, L.P.

By: NexPoint Advisors GP, LLC, its general partner

Name:

Name

Title:

EXHIBIT A

PRIOR NOTES

Loan Date	Initial Note Amount	Interest Rate	Principal and Interest Outstanding as of May 31, 2017
8/21/14	\$4,000,000	6.00%	\$4,616,739.73
10/1/14	\$6,000,000	6.00%	\$6,959,671.23
11/14/14	\$2,500,000	6.00%	\$2,881,780.82
1/29/15	\$3,100,000	6.00%	\$3,534,679.45
	\$12,075,000	6.00%	\$12,753,941.10
	\$27,675,000		\$30,746,812.33

EXHIBIT 2

HIGHLAND CAPITAL MANAGEMENT, L.P.

January 7, 2021

NexPoint Advisors, L.P. 300 Crescent Court, Suite 700 Dallas, Texas 75201 Attention: James Dondero

Re: Demand on Promissory Note

Dear Mr. Dondero,

On May 31, 2017, NexPoint Advisors, L.P, entered into that certain promissory note in the original principal amount of \$30,746,812.33 (the "Note") in favor of Highland Capital Management, L.P. ("Payee").

As set forth in Section 2 of the Note, accrued interest and principal on the Note is due and payable in thirty equal annual payments with each payment due on December 31 of each calendar year. Maker failed to make the payment due on December 31, 2020.

Because of Maker's failure to pay, the Note is in default. Pursuant to Section 4 of the Note, all principal, interest, and any other amounts due on the Note are immediately due and payable. The amount due and payable on the Note as of January 8, 2021 is \$24,471,804.98; however, interest continues to accrue under the Note.

The Note is in default, and payment is due <u>immediately</u>. Payments on the Note must be made in immediately available funds. Payee's wire information is attached hereto as **Appendix A**.

Nothing contained herein constitutes a waiver of any rights or remedies of Payee under the Note or otherwise and all such rights and remedies, whether at law, equity, contract, or otherwise, are expressly reserved. Interest, including default interest if applicable, on the Note will continue to accrue until the Note is paid in full. Any such interest will remain the obligation of Maker.

Sincerely,

/s/ James P. Seery, Jr.

James P. Seery, Jr. Highland Capital Management, L.P. Chief Executive Officer/Chief Restructuring Officer cc: Fred Caruso

James Romey Jeffrey Pomerantz Ira Kharasch Gregory Demo

DC Sauter

Appendix A

ABA #: 322070381 Bank Name: East West Bank

Account Name: Highland Capital Management, LP

Account #: 5500014686

EXHIBIT 3

HIGHLAND CAPITAL MANAGEMENT, L.P.

January 15, 2021

NexPoint Advisors, L.P. 300 Crescent Court, Suite 700 Dallas, Texas 75201 Attention: James Dondero

Re: Partial Payment on Promissory Note

Dear Mr. Dondero,

On May 31, 2017, NexPoint Advisors, L.P, ("<u>Maker</u>"), entered into that certain promissory note in the original principal amount of \$30,746,812.33 (the "<u>Note</u>") in favor of Highland Capital Management, L.P. ("<u>Payee</u>"). A copy of the Note is attached hereto as **Appendix A**.

On January 7, 2021, Payee notified you that because of Maker's failure to make the payment due on December 31, 2020 (the "<u>Default</u>"), the Note was in default and that all principal, interest, and any other amounts due on the Note were immediately due and payable. The amount due and payable on the Note as of January 8, 2021, was \$24,471,804.98; however, interest continues to accrue under the Note.

On January 14, 2021, Payee received a wire from Maker in the amount of \$1,406,111.92 (the "<u>Partial Payment</u>"). To reiterate, the amount due under the Note as of January 8, 2021, was \$24,471,804.98. The Partial Payment will be applied as payment against the amounts due under the Note pursuant to Section 3 thereof. **The Note remains in default, and all amounts due thereunder are due immediately.**

After adjusting for the Partial Payment and the continued accrual of interest, the amount due under the Note as of January 15, 2021, is \$23,071,195.03 (which amount does not include expenses incurred to date in collecting the Note). Payment of such amount is due immediately. Payments on the Note must be made in immediately available funds. Payee's wire information is attached hereto as **Appendix B**.

Nothing contained herein constitutes a waiver of any rights or remedies of Payee under the Note or otherwise and all such rights and remedies, whether at law, equity, contract, or otherwise, are expressly reserved, including the right to recover Payee's expenses incurred in collecting the Note. Interest, including default interest if applicable, on the Note will continue to accrue until the Note is paid in full. Any such interest will remain the obligation of Maker.

Sincerely,

/s/ James P. Seery, Jr.

James P. Seery, Jr. Highland Capital Management, L.P. Chief Executive Officer/Chief Restructuring Officer cc: Fred Caruso
James Romey
Jeffrey Pomerantz
Ira Kharasch
Gregory Demo
DC Sauter

A. Lee Hogewood III

Appendix A

PROMISSORY NOTE

\$30,746,812.33 May 31, 2017

THIS PROMISSORY NOTE (this "Note") is in substitution for and supersedes in their entirety each of those certain promissory notes described in Exhibit A hereto, from NexPoint Advisors, L.P., as Maker, and Highland Capital Management, L.P. as Payee (collectively, the "Prior Notes"), together with the aggregate outstanding principal and accrued and unpaid interested represented thereby.

FOR VALUE RECEIVED, NEXPOINT ADVISORS, L.P. ("Maker") promises to pay to the order of HIGHLAND CAPITAL MANAGEMENT, L.P. ("Payee"), in legal and lawful tender of the United States of America, the principal sum of THIRTY MILLION, SEVEN HUNDRED FORTY SIX THOUSAND, EIGHT HUNDRED TWELVE AND 33/100 DOLLARS (\$30,746,812.33), together with interest, on the terms set forth below. All sums hereunder are payable to Payee at 300 Crescent Court, Suite 700, Dallas, Texas 75201, or such other address as Payee may specify to Maker in writing from time to time.

- 1. <u>Interest Rate</u>. The unpaid principal balance of this Note from time to time outstanding shall bear interest at the rate of six percent (6.00%) per annum from the date hereof until Maturity Date (hereinafter defined), compounded annually on the anniversary of the date of this Note. Interest shall be calculated at a daily rate equal to 1/365th (1/366 in a leap year) of the rate per annum, shall be charged and collected on the actual number of days elapsed, and shall be payable annually.
- 2. <u>Payment of Principal and Interest</u>. Principal and interest under this Note shall be payable as follows:
 - 2.1 <u>Annual Payment Dates</u>. During the term of this Note, Borrower shall pay the outstanding principal amount of the Note (and all unpaid accrued interest through the date of each such payment) in thirty (30) equal annual payments (the "<u>Annual Installment</u>") until the Note is paid in full. Borrower shall pay the Annual Installment on the 31st day of December of each calendar year during the term of this Note, commencing on the first such date to occur after the date of execution of this Note.
 - 2.2 <u>Final Payment Date</u>. The final payment in the aggregate amount of the then outstanding and unpaid Note, together with all accrued and unpaid interest thereon, shall become immediately due and payable in full on December 31, 2047 (the "<u>Maturity Date</u>").
- 3. <u>Prepayment Allowed; Renegotiation Discretionary</u>. Maker may prepay in whole or in part the unpaid principal or accrued interest of this Note. Any payments on this Note shall be applied first to unpaid accrued interest hereon, and then to unpaid principal hereof.
- 4. <u>Acceleration Upon Default</u>. Failure to pay this Note or any installment hereunder as it becomes due shall, at the election of the holder hereof, without notice, demand, presentment, notice of intent to accelerate, notice of acceleration, or any other notice of any kind which are hereby waived, mature the principal of this Note and all interest then accrued, if any, and the same

shall at once become due and payable and subject to those remedies of the holder hereof. No failure or delay on the part of Payee in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

- Waiver. Maker hereby waives grace, demand, presentment for payment, notice of 5. nonpayment, protest, notice of protest, notice of intent to accelerate, notice of acceleration and all other notices of any kind hereunder.
- Attorneys' Fees. If this Note is not paid at maturity (whether by acceleration or otherwise) and is placed in the hands of an attorney for collection, or if it is collected through a bankruptcy court or any other court after maturity, the Maker shall pay, in addition to all other amounts owing hereunder, all actual expenses of collection, all court costs and reasonable attorneys' fees and expenses incurred by the holder hereof.
- Limitation on Agreements. All agreements between Maker and Payee, whether 7. now existing or hereafter arising, are hereby limited so that in no event shall the amount paid, or agreed to be paid to Payee for the use, forbearance, or detention of money or for the payment or performance of any covenant or obligation contained herein or in any other document evidencing. securing or pertaining to this Note, exceed the maximum interest rate allowed by law. The terms and provisions of this paragraph shall control and supersede every other provision of all agreements between Payee and Maker in conflict herewith.
- Governing Law. This Note and the rights and obligations of the parties hereunder shall be governed by the laws of the United States of America and by the laws of the State of Texas, and is performable in Dallas County, Texas.
- 9. Prior Notes. The original of each of the Prior Notes superseded hereby shall be marked "VOID" by Payee.

MAKER:

NEXPOINT ADVISORS, L.P.

By: NexPoint Advisors GP, LLC, its general partner

Name:

Title:

EXHIBIT A

PRIOR NOTES

Loan Date	Initial Note Amount	Interest Rate	Principal and Interest Outstanding as of May 31, 2017
8/21/14	\$4,000,000	6.00%	\$4,616,739.73
10/1/14	\$6,000,000	6.00%	\$6,959,671.23
11/14/14	\$2,500,000	6.00%	\$2,881,780.82
1/29/15	\$3,100,000	6.00%	\$3,534,679.45
7/22/15	\$12,075,000	6.00%	\$12,753,941.10
	\$27,675,000		\$30,746,812.33

Appendix B

ABA #: 322070381 Bank Name: East West Bank

Account Name: Highland Capital Management, LP

Account #: 5500014686

EXHIBIT 4

FOURTH AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP

OF

HIGHLAND CAPITAL MANAGEMENT, L.P.

THE PARTNERSHIP INTERESTS REPRESENTED BY THIS LIMITED PARTNERSHIP AGREEMENT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OP 1933 OR UNDER ANY STATE SECURITIES ACTS IN RELIANCE UPON EXEMPTIONS UNDER THOSE ACTS. THE SALE OR OTHER DISPOSITION OF THE PARTNERSHIP INTERESTS IS PROHIBITED UNLESS THAT SALE OR DISPOSITION IS MADE IN COMPLIANCE WITH ALL SUCH APPLICABLE ACTS. ADDITIONAL RESTRICTIONS ON TRANSFER OF THE PARTNERSHIP INTERESTS ARE SET FORTH IN THIS AGREEMENT.

FOURTH AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF HIGHLAND CAPITAL MANAGEMENT, L.P.

TABLE OF CONTENTS

ARTICLE 1	GENERAL	• • • • • • • • • • • • • • • • • • • •
1.1.	Continuation	
1.2.	Name	1
1.3.	Purpose	
1.4.	Term.	
1.5.	Partnership Offices; Addresses of Partners	
ARTICLE 2	DEFINITIONS	
2.1.	Definitions	2
2.2.	Other Definitions	<i>6</i>
ARTICLE 3	FINANCIAL MATTERS	
3.1.	Capital Contributions	
3.2.	Allocations of Profits and Losses	
3.3.	Allocations on Transfers	
3.4.	Special Allocations	
3.5.	Curative Allocations	
3.6.	Code Section 704(c) Allocations	
3.7,	Capital Accounts	
3.8.	Distributive Share for Tax Purpose	
3.9.	Distributions	
3.10.	Compensation and Reimbursement of General Partner	
3.11.	Books, Records, Accounting, and Reports	
3.12.	Tax Matters	14
ARTICLE 4	RIGHTS AND OBLIGATIONS OF PARTNERS	1.5
4.1.	Rights and Obligations of the General Partner.	
4.2.	Rights and Obligations of Limited Partners	
4.3.	Transfer of Partnership Interests	
4.4.	Issuances of Partnership Interests to New and Existing Partners	
4.5.	Withdrawal of General Partner	
4.6.	Admission of Substitute Limited Partners and Successor General Partner	
ARTICLE 5	DISSOLUTION AND WINDING UP	22
5.1.	Dissolution	
5.2.	Continuation of the Partnership	
5.3.	Liquidation	
5.4.	Distribution in Kind	
5.5.	Cancellation of Certificate of Limited Partnership	
5.6.	Return of Capital	
5.7.	Waiver of Partition.	
J.1.	THE OF THE HILLON	
ARTICLE 6	GENERAL PROVISIONS	24
6.1.	Amendments to Agreement	

6.2.	Addresses and Notices	
6.3.	Titles and Captions	25
6.4.	Pronouns and Plurals	25
6.5.	Further Action	
6.6.	Binding Effect	25
6.7.	Integration	25
6.8.	Creditors	25
6.9.	Waiver	25
6.10.	Counterparts	25
6.11.	Applicable Law	25
6.12.	Invalidity of Provisions	25
6.13.	Mandatory Arbitration	26

FOURTH AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF HIGHLAND CAPITAL MANAGEMENT, L.P.

THIS FOURTH AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP is entered into on this 24th day of December, 2015, to be effective as of December 24, 2015, by and among Strand Advisors, Inc., a Delaware corporation ("Strand"), as General Partner, the Limited Partners party hereto, and any Person hereinafter admitted as a Limited Partner.

Certain terms used in this Agreement are defined in Article 2.

ARTICLE 1

GENERAL

- 1.1. Continuation. Subject to the provisions of this Agreement, the Partners hereby continue the Partnership as a limited partnership pursuant to the provisions of the Delaware Act. Except as expressly provided herein, the rights and obligations of the Partners and the administration and termination of the Partnership shall be governed by the Delaware Act.
- 1.2. Name. The name of the Partnership shall be, and the business of the Partnership shall be conducted under the name of Highland Capital Management, L.P. The General Partner, in its sole and unfettered discretion, may change the name of the Partnership at any time and from time to time and shall provide Limited Partners with written notice of such name change within twenty (20) days after such name change.
- 1.3. Purpose. The purpose and business of the Partnership shall be the conduct of any business or activity that may lawfully be conducted by a limited partnership organized pursuant to the Delaware Act. Any or all of the foregoing activities may be conducted directly by the Partnership or indirectly through another partnership, joint venture, or other arrangement.
- **1.4. Term.** The Partnership was formed as a limited partnership on July 7, 1997, and shall continue until terminated pursuant to this Agreement.

1.5. Partnership Offices; Addresses of Partners.

- (a) <u>Partnership Offices</u>. The registered office of the Partnership in the State of Delaware shall be 1013 Centre Road, Wilmington, Delaware 19805-1297, and its registered agent for service of process on the Partnership at that registered office shall be Corporation Service Company, or such other registered office or registered agent as the General Partner may from time to time designate. The principal office of the Partnership shall be 300 Crescent Court, Suite 700, Dallas, Texas 75201, or such other place as the General Partner may from time to time designate. The Partnership may maintain offices at such other place or places as the General Partner deems advisable.
- (b) <u>Addresses of Partners</u>. The address of the General Partner is 300 Crescent Court, Suite 700, Dallas, Texas 75201. The address of each Limited Partner shall be the address of that Limited Partner appearing on the books and records of the Partnership. Each Limited Partner agrees to provide the General Partner with prompt written notice of any change in his/her/its address.

ARTICLE 2

DEFINITIONS

- **2.1. Definitions.** The following definitions shall apply to the terms used in this Agreement, unless otherwise clearly indicated to the contrary in this Agreement:
- "Additional Capital Contribution" has the meaning set forth in Section 3.1(b) of this Agreement.
- "Adjusted Capital Account Deficit" means, with respect to any Partner, the deficit balance, if any, in the Capital Account of that Partner as of the end of the relevant Fiscal Year, or other relevant period, giving effect to all adjustments previously made thereto pursuant to Section 3.7 and further adjusted as follows: (i) credit to that Capital Account, any amounts which that Partner is obligated or deemed obligated to restore pursuant to any provision of this Agreement or pursuant to Treasury Regulations Section 1.704-1(b)(2)(ii)(c); (ii) debit to that Capital Account, the items described in Treasury Regulations Sections 1.704-1(b)(2)(ii)(d)(4), (5) and (6); and (iii) to the extent required under the Treasury Regulations, credit to that Capital Account (A) that Partner's share of "minimum gain" and (B) that Partner's share of "partner nonrecourse debt minimum gain." (Each Partner's share of the minimum gain and partner nonrecourse debt minimum gain shall be determined under Treasury Regulations Sections 1.704-2(g) and 1.704-2(i)(5), respectively.)
- "Affiliate" means any Person that directly or indirectly controls, is controlled by, or is under common control with the Person in question. As used in this definition, the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting Securities, by contract or otherwise.
- "Agreement" means this Fourth Amended and Restated Agreement of Limited Partnership, as it may be amended, supplemented, or restated from time to time.
- "Business Day" means Monday through Friday of each week, except that a legal holiday recognized as such by the government of the United States or the State of Texas shall not be regarded as a Business Day.
- "Capital Account" means the capital account maintained for a Partner pursuant to Section 3.7(a).
- "Capital Contribution" means, with respect to any Partner, the amount of money or property contributed to the Partnership with respect to the interest in the Partnership held by that Person.
- "Certificate of Limited Partnership" means the Certificate of Limited Partnership filed with the Secretary of State of Delaware by the General Partner, as that Certificate may be amended, supplemented or restated from time to time.
- "Class A Limited Partners" means those Partners holding a Class A Limited Partnership Interest, as shown on Exhibit A.
- "Class A Limited Partnership Interest" means a Partnership Interest held by a Partner in its capacity as a Class A Limited Partner."

"Class B Limited Partner" means those Partners holding a Class B Limited Partnership Interest, as shown on Exhibit A.

"Class B Limited Partnership Interest" means a Partnership Interest held by a Partner in its capacity as a Class B Limited Partner."

"Class B NAV Ratio Trigger Period" means any period during which the Class B Limited Partner's aggregate capital contributions, including the original principal balance of the Contribution Note, and reduced by the aggregate amount of distributions to the Class B Limited Partner, exceed 75 percent of the product of the Class B Limited Partner's Percentage Interest multiplied by the total book value of the Partnership; provided, however, that the General Partner shall only be required to test for a Class B NAV Ratio Trigger Period annually, as of the last day of each calendar year; provided further that if the test results in a Class B NAV Ratio Trigger Period, the General Partner may, at its own election, retest at any time to determine the end date of the Class B NAV Ratio Trigger Period.

"Class C Limited Partner" means those Partners holding a Class C Limited Partnership Interest, as shown on Exhibit A.

"Class C Limited Partnership Interest" means a Partnership Interest held by a Partner in its capacity as a Class C Limited Partner."

"Class C NAV Ratio Trigger Period" means any period during which an amount equal to \$93,000,000.00 reduced by the aggregate amount of distributions to the Class C Limited Partner after the Effective Date exceeds 75 percent of the product of the Class C Limited Partner's Percentage Interest multiplied by the total book value of the Partnership; provided, however, that the General Partner shall only be required to test for a Class C NAV Ratio Trigger Period annually, as of the last day of each calendar year; provided further the General Partner must complete the testing within 180 days of the end of each calendar year; provided further that if the test results in a Class C NAV Ratio Trigger Period, the General Partner may, at its own election, retest at any time to determine the end date of the Class C NAV Ratio Trigger Period.

"Code" means the Internal Revenue Code of 1986, as amended and in effect from time to time.

"Contribution Note" means that certain Secured Promissory Note dated December 21, 2015 by and among Hunter Mountain Investment Trust, as maker, and the Partnership as Payee.

"Default Loan" has the meaning set forth in Section 3.1(c)(i).

"Defaulting Partner" has the meaning set forth in Section 3.1(c).

"*Delaware Act*" means the Delaware Revised Uniform Limited Partnership Act, Part IV, Title C, Chapter 17 of the Delaware Corporation Law Annotated, as it may be amended, supplemented or restated from time to time, and any successor to that Act.

"Effective Date" means the date first recited above.

"Fiscal Year" has the meaning set forth in Section 3.11(b).

- "Founding Partner Group" means, all partners holding partnership interests in the Partnership immediately before the Effective Date.
- "General Partner" means any Person who (i) is referred to as such in the first paragraph of this Agreement, or has become a General Partner pursuant to the terms of this Agreement; and (ii) has not ceased to be a General Partner pursuant to the terms of this Agreement.
- "Limited Partner" means any Person who (i) is referred to as such in the first paragraph of this Agreement, or has become a Limited Partner pursuant to the terms of this Agreement, and (ii) has not ceased to be a Limited Partner pursuant to the terms of this Agreement.
 - "Liquidator" has the meaning set forth in Section 5.3.
- "Losses" means, for each Fiscal Year, the losses and deductions of the Partnership determined in accordance with accounting principles consistently applied from year to year employed under the Partnership's method of accounting and as reported, separately or in the aggregate, as appropriate, on the Partnership's information tax return filed for federal income tax purposes, plus any expenditures described in Code Section 705(a)(2)(B).
- "Majority Interest" means the owners of more than fifty percent (50%) of the Percentage Interests of Class A Limited Partners.
- "NAV Ratio Trigger Period" means a Class B NAV Ratio Trigger Period or a Class C NAV Ratio Trigger Period.
- "Net Increase in Working Capital Accounts" means the excess of (i) Restricted Cash plus Management and Incentive Fees Receivable plus Other Assets plus Deferred Incentive Fees Receivable less Accounts Payable less Accrued and Other Liabilities as of the end of the period being measured over (ii) Restricted Cash plus Management and Incentive Fees Receivable plus Other Assets plus Deferred Incentive Fees Receivable less Accounts Payable less Accrued and Other Liabilities as of the beginning of the period being measured; provided, however, that amounts within each of the aforementioned categories shall be excluded from the calculation to the extent they are specifically identified as being derived from investing or financing activities. Each of the capitalized terms in this definition shall have the meaning given them in the books and records of the Partnership and appropriate adjustments may be made to the extent the Partnership adds new ledger accounts to its books and records that are current assets or current liabilities.
- "New Issues" means Securities that are considered to be "new issues," as defined in the Conduct Rules of the National Association of Securities Dealers, Inc.
- "Nonrecourse Deduction" has the meaning set forth in Treasury Regulations Section 1.704-2(b)(1), as computed under Treasury Regulations Section 1.704-2(c).
- "Nonrecourse Liability" has the meaning set forth in Treasury Regulations Section 1.704-2(b)(3).
- "Operating Cash Flow" means Total Revenue less Total Operating Expenses plus Depreciation & Amortization less Net Increase in Working Capital Accounts year over year. Each of the capitalized terms in this definition shall have the meaning given them in the books and records of the Partnership.

- "Partner" means a General Partner or a Limited Partner.
- "Partner Nonrecourse Debt" has the meaning set forth in Treasury Regulations Section 1.704-2(b)(4).
- "Partner Nonrecourse Deductions" has the meaning set forth in Treasury Regulations Section 1.704-2(i)(2).
- "Partner Nonrecourse Debt Minimum Gain" has the meaning set forth in Treasury Regulations Section 1.704-2(i)(5).
- "Partnership" means Highland Capital Management, L.P., the Delaware limited partnership established pursuant to this Agreement.
- "Partnership Capital" means, as of any relevant date, the net book value of the Partnership's assets.
- "Partnership Interest" means the interest acquired by a Partner in the Partnership including, without limitation, that Partner's right: (a) to an allocable share of the Profits, Losses, deductions, and credits of the Partnership; (b) to a distributive share of the assets of the Partnership; (c) if a Limited Partner, to vote on those matters described in this Agreement; and (d) if the General Partner, to manage and operate the Partnership.
- "Partnership Minimum Gain" has the meaning set forth in Treasury Regulations Section 1.704-2(d).
- "Percentage Interest" means the percentage set forth opposite each Partner's name on Exhibit A as such Exhibit may be amended from time to time in accordance with this Agreement.
- "Person" means an individual or a corporation, partnership, trust, estate, unincorporated organization, association, or other entity.
 - "Priority Distributions" has the meaning set forth in Section 3.9(b).
- "Profits" means, for each Fiscal Year, the income and gains of the Partnership determined in accordance with accounting principles consistently applied from year to year employed under the Partnership's method of accounting and as reported, separately or in the aggregate, as appropriate, on the Partnership's information tax return filed for federal income tax purposes, plus any income described in Code Section 705(a)(1)(B).
- "Profits Interest Partner" means any Person who is issued a Partnership Interest that is treated as a "profits interest" for federal income tax purposes.
- *"Purchase Notes"* means those certain Secured Promissory Notes of even date herewith by and among Hunter Mountain Investment Trust, as maker, and The Dugaboy Investment Trust, The Mark K. Okada, The Mark and Pamela Okada Family Trust Exempt Trust #1, and The Mark K. Okada, The Mark and Pamela Okada Family Trust Exempt Trust #2, each as Payees of the respective Secured Promissory Notes.

"Record Date" means the date established by the General Partner for determining the identity of Limited Partners entitled to vote or give consent to Partnership action or entitled to exercise rights in respect of any other lawful action of Limited Partners.

"Second Amended Buy-Sell and Redemption Agreement" means that certain Second Amended and Restated Buy-Sell and Redemption Agreement, dated December 21, 2015, to be effective as of December 21, 2015 by and between the Partnership and its Partners, as may be amended, supplemented, or restated from time to time.

"Securities" means the following: (i) securities of any kind (including, without limitation, "securities" as that term is defined in Section 2(a)(1) of the Securities Act; (ii) commodities of any kind (as that term is defined by the U.S. Securities Laws and the rules and regulations promulgated thereunder); (iii) any contracts for future or forward delivery of any security, commodity or currency; (iv) any contracts based on any securities or group of securities, commodities or currencies; (v) any options on any contracts referred to in clauses (iii) or (iv); or (vi) any evidences of indebtedness (including participations in or assignments of bank loans or trade credit claims). The items set forth in clauses (i) through (vi) herein include, but are not limited to, capital stock, common stock, preferred stock, convertible securities, reorganization certificates, subscriptions, warrants, rights, options, puts, calls, bonds, mutual fund interests, debentures, notes, certificates of deposit, letters of credit, bankers acceptances, trust receipts and other securities of any corporation or other entity, whether readily marketable or not, rights and options, whether granted or written by the Partnership or by others, treasury bills, bonds and notes, any securities or obligations issued or guaranteed by the United States or any foreign country or any state or possession of the United States or any foreign country or any political subdivision or agency or instrumentality of any of the foregoing, and derivatives of any of the foregoing.

"Securities Act" means the Securities Act of 1933, as amended, and any successor to such statute.

"Substitute Limited Partner" has the meaning set forth in Section 4.6(a).

"*Transfer*" or derivations thereof, of a Partnership Interest means, as a noun, the transfer, sale, assignment, exchange, pledge, hypothecation or other disposition of a Partnership Interest, or any part thereof, directly or indirectly, and as a verb, voluntarily or involuntarily to transfer, sell, assign, exchange, pledge, hypothecate or otherwise dispose of.

"*Treasury Regulations*" means the Department of Treasury Regulations promulgated under the Code, as amended and in effect (including corresponding provisions of succeeding regulations).

2.2. Other Definitions. All terms used in this Agreement that are not defined in this <u>Article 2</u> have the meanings contained elsewhere in this Agreement.

ARTICLE 3

FINANCIAL MATTERS

3.1. Capital Contributions.

- (a) <u>Initial Capital Contributions</u>. The initial Capital Contribution of each Partner shall be set forth in the books and records of the Partnership.
 - (b) Additional Capital Contributions.

- (i) The General Partner, in its reasonable discretion and for a *bona fide* business purpose, may request in writing that the Founding Partner Group make additional Capital Contributions in proportion to their Percentage Interests (each, an "Additional Capital Contribution").
- (ii) Any failure by a Partner to make an Additional Capital Contribution requested under Section 3.1(b)(i) on or before the date on which that Additional Capital Contribution was due shall result in the Partner being in default.
- (c) <u>Consequences to Defaulting Partners</u>. In the event a Partner is in default under <u>Section 3.1(b)</u> (a "*Defaulting Partner*"), the Defaulting Partner, in its sole and unfettered discretion, may elect to take either one of the option set forth below.
- Default Loans. If the Defaulting Partner so elects, the General Partner shall make a loan to the Defaulting Partner in an amount equal to that Defaulting Partner's additional capital contribution (a "Default Loan"). A Default Loan shall be deemed advanced on the date actually advanced. Default Loans shall earn interest on the outstanding principal amount thereof at a rate equal to the Applicable Federal Mid-Term Rate (determined by the Internal Revenue Service for the month in which the loan is deemed made) from the date actually advanced until the same is repaid in full. The term of any Default Loan shall be six (6) months, unless otherwise extended by the General Partner in its sole and unfettered discretion. If the General Partner makes a Default Loan, the Defaulting Partner shall not receive any distributions pursuant to Section 3.9(a) or Section 5.3 or any proceeds from the Transfer of all or any part of its Partnership Interest while the Default Loan remains unpaid. Instead, the Defaulting Partner's share of distributions or such other proceeds shall (until all Default Loans and interest thereon shall have been repaid in full) first be paid to the General Partner. Such payments shall be applied first to the payment of interest on such Default Loans and then to the repayment of the principal amounts thereof, but shall be considered, for all other purposes of this Agreement, to have been distributed to the Defaulting Partner. The Defaulting Partner shall be liable for the reasonable fees and expenses incurred by the General Partner (including, without limitation, reasonable attorneys' fees and disbursements) in connection with any enforcement or foreclosure upon any Default Loan and such costs shall, to the extent enforceable under applicable law, be added to the principal amount of the applicable Default Loan. In addition, at any time during the term of such Default Loan, the Defaulting Partner shall have the right to repay, in full, the Default Loan (including interest and any other charges). If the General Partner makes a Default Loan, the Defaulting Partner shall be deemed to have pledged to the General Partner and granted to the General Partner a continuing first priority security interest in, all of the Defaulting Partner's Partnership Interest to secure the payment of the principal of, and interest on, such Default Loan in accordance with the provisions hereof, and for such purpose this Agreement shall constitute a security agreement. The Defaulting Partner shall promptly execute, acknowledge and deliver such financing statements, continuation statements or other documents and take such other actions as the General Partner shall request in writing in order to perfect or continue the perfection of such security interest; and, if the Defaulting Partner shall fail to do so within seven (7) days after the Defaulting Partner's receipt of a notice making demand therefor, the General Partner is hereby appointed the attorney-in-fact of, and is hereby authorized on behalf of, the Defaulting Partner, to execute, acknowledge and deliver all such documents and take all such other actions as may be required to perfect such security interest. Such appointment and authorization are coupled with an interest and shall be irrevocable. The General Partner shall, prior to exercising any right or remedy (whether at law, in equity or pursuant to the terms hereof) available to it in connection with such security interest, provide to the Defaulting Partner a notice, in reasonable detail, of the right or remedy to be exercised and the intended timing of such exercise which shall not be less than five (5) days following the date of such notice.

(ii) <u>Reduction of Percentage Interest</u>. If the Defaulting Partner does not elect to obtain a Default Loan pursuant to <u>Section 3.1(c)(i)</u>, the General Partner shall reduce the Defaulting Partner's Percentage Interest in accordance with the following formula:

The Defaulting Partner's new Percentage Interest shall equal the product of (1) the Defaulting Partner's current Percentage Interest, multiplied by (2) the quotient of (a) the current Capital Account of the Defaulting Partner (with such Capital Account determined after taking into account a revaluation of the Capital Accounts immediately prior to such determination), divided by (b) the sum of (i) the current Capital Account of the Defaulting Partner (with such Capital Account determined after taking into account a revaluation of the Capital Accounts immediately prior to such determination), plus (ii) the amount of the additional capital contribution that such Defaulting Partner failed to make when due.

To the extent any downward adjustment is made to the Percentage Interest of a Partner pursuant to this Section 3.1(c)(ii), any resulting benefit shall accrue to the Partners (other than the Defaulting Partner) in proportion to their respective Percentage Interests.

3.2. Allocations of Profits and Losses.

- (a) <u>Allocations of Profits</u>. Except as provided in <u>Sections 3.4, 3.5</u>, and <u>3.6</u>, Profits for any Fiscal Year will be allocated to the Partners as follows:
- (i) <u>First</u>, to the Partners until cumulative Profits allocated under this <u>Section</u> 3.2(a)(i) for all prior periods equal the cumulative Losses allocated to the Partners under <u>Section</u> 3.2(b)(iii) for all prior periods in the inverse order in which such Losses were allocated; and
- (ii) Next, to the Partners until cumulative Profits allocated under this Section 3.2(a)(ii) for all prior periods equal the cumulative Losses allocated to the Partners under Section 3.2(b)(ii) for all prior periods in the inverse order in which such Losses were allocated; and
- (iii) <u>Then,</u> to all Partners in proportion to their respective Percentage Interests.
- (b) <u>Allocations of Losses</u>. Except as provided in <u>Sections 3.4</u>, <u>3.5</u>, and <u>3.6</u>, Losses for any Fiscal Year will be will be allocated as follows:
- (i) <u>First</u>, to the Partners until cumulative Losses allocated under this <u>Section 3.2(b)(i)</u> for all prior periods equal the cumulative Profits allocated to the Partners under <u>Section 3.2(a)(iii)</u> for all prior periods in the inverse order in which such Profits were allocated; and
- (ii) Next, to the Partners in proportion to their respective positive Capital Account balances until the aggregate Capital Account balances of the Partners (excluding any negative Capital Account balances) equal zero; provided, however, losses shall first be allocated to reduce amounts that were last allocated to the Capital Accounts of the Partners; and
- (iii) <u>Then,</u> to all Partners in proportion to their respective Percentage Interests.

- (c) <u>Limitation on Loss Allocations</u>. If any allocation of Losses would cause a Limited Partner to have an Adjusted Capital Account Deficit, those Losses instead shall be allocated to the General Partner.
- **3.3.** Allocations on Transfers. Taxable items of the Partnership attributable to a Partnership Interest that has been Transferred (including the simultaneous decrease in the Partnership Interest of existing Partners resulting from the admission of a new Partner) shall be allocated in accordance with Section 4.3(d).
- **3.4. Special Allocations.** If the requisite stated conditions or facts are present, the following special allocations shall be made in the following order:
- (a) Partnership Minimum Gain Chargeback. Notwithstanding any other provision of this Article 3, if there is a net decrease in Partnership Minimum Gain during any taxable year or other period for which allocations are made, prior to any other allocation under this Agreement, each Partner shall be specially allocated items of Partnership income and gain for that period (and, if necessary, subsequent periods) in proportion to, and to the extent of, an amount equal to that Partner's share of the net decrease in Partnership Minimum Gain during that year determined in accordance with Treasury Regulations Section 1.704-2(g)(2). The items to be allocated shall be determined in accordance with Treasury Regulations Section 1.704-2(g). This Section 3.4(a) is intended to comply with the partnership minimum gain chargeback requirements of the Treasury Regulations and shall be subject to all exceptions provided therein.
- (b) Partner Nonrecourse Debt Minimum Gain Chargeback. Notwithstanding any other provision of this Article 3 (other than Section 3.4(a)), if there is a net decrease in Partner Nonrecourse Debt Minimum Gain with respect to a Partner Nonrecourse Debt during any taxable year or other period for which allocations are made, any Partner with a share of such Partner Nonrecourse Debt Minimum Gain as of the beginning of the year shall be specially allocated items of Partnership income and gain for that period (and, if necessary, subsequent periods in an amount equal to that Partner's share of the net decrease in the Partner Nonrecourse Debt Minimum Gain during that year determined in accordance with Treasury Regulations Section 1.704-2(g)(2). The items to be so allocated shall be determined in accordance with Treasury Regulations Section 1.704-2(g). This Section 3.4(b) is intended to comply with the partner nonrecourse debt minimum gain chargeback requirements of the Treasury Regulations, shall be interpreted consistently with the Treasury Regulations and shall be subject to all exceptions provided therein.
- (c) <u>Qualified Income Offset</u>. If a Partner unexpectedly receives any adjustments, allocations or distributions described in Treasury Regulations Sections 1.704-1(b)(2)(ii)(d)(4), (d)(5) or (d)(6), then items of Partnership income and gain shall be specially allocated to each such Partner in an amount and manner sufficient to eliminate, to the extent required by the Treasury Regulations, the Adjusted Capital Account Deficit of the Partner as quickly as possible; *provided, however*, an allocation pursuant to this <u>Section 3.4(c)</u> shall be made if and only to the extent that the Partner would have an Adjusted Capital Account Deficit after all other allocations provided for in this <u>Article 3</u> have been tentatively made without considering this <u>Section 3.4(c)</u>.
- (d) Gross Income Allocation. If a Partner has a deficit Capital Account at the end of any Fiscal Year of the Partnership that exceeds the sum of (i) the amount the Partner is obligated to restore, and (ii) the amount the Partner is deemed to be obligated to restore pursuant to the penultimate sentences of Treasury Regulations Sections 1.704-2(g)(1) and 1.704-2(i)(5), then each such Partner shall be specially allocated items of income and gain of the Partnership in the amount of the excess as quickly as possible; *provided, however*, an allocation pursuant to this Section 3.4(d) shall be made if and only to

the extent that the Partner would have a deficit Capital Account in excess of that sum after all other allocations provided for in this <u>Article 3</u> have been tentatively made without considering <u>Section 3.4(c)</u> or 3.4(d).

- (e) <u>Nonrecourse Deductions</u>. Nonrecourse Deductions for any taxable year or other period for which allocations are made shall he allocated among the Partners in accordance with their Percentage interests.
- (f) <u>Partner Nonrecourse Deductions</u>. Notwithstanding anything to the contrary in this Agreement, any Partner Nonrecourse Deductions for any taxable year or other period for which allocations are made will be allocated to the Partner who bears the economic risk of loss with respect to the Partner Nonrecourse Debt to which the Partner Nonrecourse Deductions are attributable in accordance with Treasury Regulations Section 1.704-2(i).
- (g) Section 754 Adjustments. To the extent an adjustment to the adjusted tax basis of any asset of the Partnership under Code Section 734(b) or Code Section 743(b) is required, pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(m), to be taken into account in determining Capital Accounts, the amount of the adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases the basis of the asset) and that gain or loss shall be specially allocated to the Partners in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to that Section of the Treasury Regulations.
- (h) <u>Section 481 Adjustments</u>. Any allocable items of income, gain, expense, deduction or credit required to be made by Section 481 of the Code as the result of the sale, transfer, exchange or issuance of a Partnership Interest will be specially allocated to the Partner receiving said Partnership Interest whether such items are positive or negative in amount.
- 3.5. Curative Allocations. The "Basic Regulatory Allocations" consist of (i) the allocations pursuant to Section 3.2(c), and (ii) the allocations pursuant to Sections 3.4. Notwithstanding any other provision of this Agreement, the Basic Regulatory Allocations shall be taken into account in allocating items of income, gain, loss and deduction among the Partners so that, to the extent possible, the net amount of the allocations of other items and the Basic Regulatory Allocations to each Partner shall be equal to the net amount that would have been allocated to each such Partner if the Basic Regulatory Allocations had not occurred. For purposes of applying the foregoing sentence, allocations pursuant to this Section 3.5 shall be made with respect to allocations pursuant to Section 3.4 (g) and (h) only to the extent that it is reasonably determined that those allocations will otherwise be inconsistent with the economic agreement among the Partners. To the extent that a special allocation under Section 3.4 is determined not to comply with applicable Treasury Regulations, then the Partners intend that the items shall be allocated in accordance with the Partners' varying Percentage Interests throughout each tax year during which such items are recognized for tax purposes.
- 3.6. Code Section 704(c) Allocations. In accordance with Code Section 704(c) and the Treasury Regulations thereunder, income, gain, loss and deduction with respect to property contributed to the capital of the Partnership shall, solely for tax purposes, be allocated among the Partners so as to take account of any variation at the time of the contribution between the tax basis of the property to the Partnership and the fair market value of that property. Except as otherwise provided herein, any elections or other decisions relating to those allocations shall be made by the General Partner in any manner that reasonably reflects the purpose and intent of this Agreement. Allocations of income, gain, loss and deduction pursuant to this Section 3.6 are solely for purposes of federal, state and local taxes and shall not affect, or in any way be taken into account in computing, the Capital Account of any Partner or the share

of Profits, Losses, other tax items or distributions of any Partner pursuant to any provision of this Agreement.

3.7. Capital Accounts.

- (a) <u>Maintenance of Capital Accounts</u>. The Partnership shall establish and maintain a separate capital account *("Capital Account")* for each Partner in accordance with the rules of Treasury Regulations Section 1.704-1(b)(2)(iv), subject to and in accordance with the provisions set forth in this Section 3.7.
- (i) The Capital Account balance of each Partner shall be credited (increased) by (A) the amount of cash contributed by that Partner to the capital of the Partnership, (B) the fair market value of property contributed by that Partner to the capital of the Partnership (net of liabilities secured by that contributed property that the Partnership assumes or takes subject to under Code Section 752), and (C) that Partner's allocable share of Profits and any items in the nature of income or gain which are specially allocated pursuant to Sections 3.4 and 3.5; and
- by (A) the amount of cash distributed to that Partner by the Partnership, (B) the fair market value of property distributed to that Partner by the Partnership (net of liabilities secured by that distributed property that such Partner assumes or takes subject to under Code Section 752), (C) that Partner's allocable share of expenditures of the Partnership described in Code Section 705(a)(2)(B), and (D) that Partner's allocable share of Losses and any items in the nature of expenses or losses which are specially allocated pursuant to Sections 3.2, 3.4 and 3.5.

The provisions of this <u>Section 3.7</u> and the other provisions of this Agreement relating to the maintenance of Capital Accounts have been included in this Agreement to comply with Code Section 704(b) and the Treasury Regulations promulgated thereunder and will be interpreted and applied in a manner consistent with those provisions. The General Partner may modify the manner in which the Capital Accounts are maintained under this <u>Section 3.7</u> in order to comply with those provisions, as well as upon the occurrence of events that might otherwise cause this Agreement not to comply with those provisions.

- (b) <u>Negative Capital Accounts</u>. If any Partner has a deficit balance in its Capital Account, that Partner shall have no obligation to restore that negative balance or to make any Capital Contribution by reason thereof, and that negative balance shall not be considered an asset of the Partnership or of any Partner.
- (c) <u>Interest.</u> No interest shall be paid by the Partnership on Capital Contributions or on balances in Capital Accounts.
- (d) <u>No Withdrawal</u>. No Partner shall be entitled to withdraw any part of his/her/its Capital Contribution or his/her/its Capital Account or to receive any distribution from the Partnership, except as provided in Section 3.9 and Article 5.
- (e) <u>Loans From Partners</u>. Loans by a Partner to the Partnership shall not be considered Capital Contributions.
- (f) <u>Revaluations</u>. The Capital Accounts of the Partners shall not be "booked-up" or "booked-down" to their fair market values under Treasury Regulations Section 1.704(c)-1(b)(2)(iv)(f) or otherwise.

Distributive Share for Tax Purpose. All items of income, deduction, gain, loss or 3.8. credit that are recognized for federal income tax purposes will be allocated among the Partners in accordance with the allocations of Profits and Losses hereunder as determined by the General Partner in its sole and unfettered discretion. Notwithstanding the foregoing, the General Partner may (i) as to each New Issue, specially allocate to the Partners who were allocated New Issue Profit from that New Issue any short-term capital gains realized during the Fiscal Year upon the disposition of such New Issue during that Fiscal Year, and (ii) specially allocate items of gain (or loss) to Partners who withdraw capital during any Fiscal Year in a manner designed to ensure that each withdrawing Partner is allocated gain (or loss) in an amount equal to the difference between that Partner's Capital Account balance (or portion thereof being withdrawn) at the time of the withdrawal and the tax basis for his/her/ its Partnership Interest at that time (or proportionate amount thereof); provided, however, that the General Partner may, without the consent of any other Partner, (a) alter the allocation of any item of taxable income, gain, loss, deduction or credit in any specific instance where the General Partner, in its sole and unfettered discretion, determines such alteration to be necessary or appropriate to avoid a materially inequitable result (e.g., where the allocation would create an inappropriate tax liability); and/or (b) adopt whatever other method of allocating tax items as the General Partner determines is necessary or appropriate in order to be consistent with the spirit and intent of the Treasury Regulations under Code Sections 704(b) and 704(c).

3.9. Distributions.

- The General Partner may make such pro rata or non-pro rata (a) General. distributions as it may determine in its sole and unfettered discretion, without being limited to current or accumulated income or gains, but no such distribution shall be made out of funds required to make current payments on Partnership indebtedness; provided, however, that the General Partner may not make non-pro rata distributions under this Section 3.9(a) during an NAV Ratio Trigger Period without the consent of the Class B Limited Partner (in the case of a Class B NAV Ratio Trigger Period) and/or the Class C Limited Partner (in the case of a Class C NAV Ratio Trigger Period); provided, further this provision should not be interpreted to limit in any way the General Partner's ability to make non-pro rata tax distributions under Section 3.9(c) and Section 3.9(f). The Partnership has entered into one or more credit facilities with financial institutions that may limit the amount and timing of distributions to the Partners. Thus, the Partners acknowledge that distributions from the Partnership may be limited. Any distributions made to the Class B Limited Partner or the Class C Limited Partner pursuant to Section 3.9(b) shall reduce distributions otherwise allocable to such Partners under this Section 3.9(a) until such aggregate reductions are equal to the aggregate distributions made to the Class B Partners and the Class C Partners under Section 3.9(b).
- (b) <u>Priority Distributions</u>. Prior to the distribution of any amounts to Partners pursuant to Section 3.9(a), and notwithstanding any other provision in this Agreement to the contrary, the Partnership shall make the following distributions ("*Priority Distributions*") pro-rata among the Class B Limited Partner and the Class C Limited Partner in accordance with their relative Percentage Interests:
- (i) No later than March 31st of each calendar year, commencing March 31, 2017, an amount equal to \$1,600,000.00;
- (ii) No later than March 31st of each year, commencing March 31, 2017, an amount equal to three percent (3%) of the Partnership's investment gain for the prior year, as reflected in the Partnership's books and records within ledger account number 90100 plus three percent (3%) of the gross realized investment gains for the prior year of Highland Select Equity Fund, as reflected in its books and records;

- (iii) No later than March 31st of each year, commencing March 31, 2017, an amount equal to ten percent (10%) of the Partnership's Operating Cash Flow for the prior year; and
- (iv) No later than December 24th of each year, commencing December 24, 2016, an amount equal to the aggregate annual principal and interest payments on the Purchase Notes for the then current year.
- (c) <u>Tax Distributions</u>. The General Partner may, in its sole discretion, declare and make cash distributions pursuant hereto to the Partners to allow the federal and state income tax attributable to the Partnership's taxable income that is passed through the Partnership to the Partners to be paid by such Partners (a "*Tax Distribution*"). The General Partner may, in its discretion, make Tax Distributions to the Founding Partner Group without also making Tax Distributions to other Partners; provided, however, that if the General Partner makes Tax Distributions to the Founding Partner Group, Tax Distributions must also be made the Class B Limited Partner to the extent the Class B Limited Partner provides the Partnership with documentation showing it is subject to an entity-level federal income tax obligation. Notwithstanding anything else in this Agreement, the General Partner may declare and pay Tax Distributions even if such Tax Distributions cause the Partnership to be unable to make Priority Distributions under <u>Section 3.9(b)</u>.
- (d) <u>Payments Not Deemed Distributions</u>. Any amounts paid pursuant to <u>Sections 4.1(e)</u> or <u>4.1(h)</u> shall not be deemed to be distributions for purposes of this Agreement.
- Withheld Amounts. Notwithstanding any other provision of this Section 3.9 to the contrary, each Partner hereby authorizes the Partnership to withhold and to pay over, or otherwise pay, any withholding or other taxes payable by the Partnership with respect to that Partner as a result of that Partner's participation in the Partnership. If and to the extent that the Partnership shall be required to withhold or pay any such taxes, that Partner shall be deemed for all purposes of this Agreement to have received a payment from the Partnership as of the time that withholding or tax is paid, which payment shall be deemed to be a distribution with respect to that Partner's Partnership Interest to the extent that the Partner (or any successor to that Partner's Partnership Interest) is then entitled to receive a distribution. To the extent that the aggregate of such payments to a Partner for any period exceeds the distributions to which that Partner is entitled for that period, the amount of such excess shall be considered a loan from the Partnership to that Partner. Such loan shall bear interest (which interest shall be treated as an item of income to the Partnership) at the "Applicable Federal Rate" (as defined in the Code), as determined hereunder from time to time, until discharged by that Partner by repayment, which may be made in the sole and unfettered discretion of the General Partner out of distributions to which that Partner would otherwise be subsequently entitled. Any withholdings authorized by this Section 3.9(d) shall be made at the maximum applicable statutory rate under the applicable tax law unless the General Partner shall have received an opinion of counsel or other evidence satisfactory to the General Partner to the effect that a lower rate is applicable, or that no withholding is applicable.
- (f) <u>Special Tax Distributions</u>. The Partnership shall, upon request of such Founding Partner, make distributions to the Founding Partners (or loans, at the election of the General Partner) in an amount necessary for each of them to pay their respective federal income tax obligations incurred through the effective date of the Third Amended and Restated Agreement of Limited Partnership of Highland Capital Management, L.P., the predecessor to this Agreement.
- (g) <u>Tolling of Priority Distributions</u>. In the event of a "Honis Trigger Event," as defined in the Second Amended Buy-Sell and Redemption Agreement, the Partnership shall not make any distributions, including priority distributions under <u>Section 3.9(b)</u>, to the Class B Limited Partner or the Class C Limited Partner until such time as a replacement trust administrator, manager and general partner,

as applicable, acceptable to the Partnership in its sole discretion, as indicated by an affirmative vote of consent by a Majority Interest, shall be appointed to the Class B Limited Partner/Class C Limited Partner and any of its direct or indirect owners that have governing documents directly affected by a Honis Trigger Event.

3.10. Compensation and Reimbursement of General Partner.

- (a) <u>Compensation</u>. The General Partner and any Affiliate of the General Partner shall receive no compensation from the Partnership for services rendered pursuant to this Agreement or any other agreements unless approved by a Majority Interest; provided, however, that no compensation above five million dollars per year may be approved, even by a Majority Interest, during a NAV Ratio Trigger Period.
- (b) <u>Reimbursement for Expenses</u>. In addition to amounts paid under other Sections of this Agreement, the General Partner and its Affiliates shall be reimbursed for all expenses, disbursements, and advances incurred or made, and all fees, deposits, and other sums paid in connection with the organization and operation of the Partnership, the qualification of the Partnership to do business, and all related matters.

3.11. Books, Records, Accounting, and Reports.

- (a) Records and Accounting. The General Partner shall keep or cause to be kept appropriate books and records with respect to the Partnership's business, which shall at all times be kept at the principal office of the Partnership or such other office as the General Partner may designate for such purpose. The books of the Partnership shall be maintained for financial reporting purposes on the accrual basis or on a cash basis, as the General Partner shall determine in its sole and unfettered discretion, in accordance with generally accepted accounting principles and applicable law. Upon reasonable request, the Class B Limited Partner or the Class C Limited Partner may inspect the books and records of the Partnership.
- (b) <u>Fiscal Year</u>. The fiscal year of the Partnership shall be the calendar year unless otherwise determined by the General Partner in its sole and unfettered discretion.
- (c) Other Information. The General Partner may release information concerning the operations of the Partnership to any financial institution or other Person that has loaned or may loan funds to the Partnership or the General Partner or any of its Affiliates, and may release such information to any other Person for reasons reasonably related to the business and operations of the Partnership or as required by law or regulation of any regulatory body.
- (d) <u>Distribution Reporting to Class B Limited Partner and Class C Limited Partner</u>. Upon request, the Partnership shall provide the Class B Limited Partner and/or the Class C Limited Partner information on any non-pro rata distributions made under <u>Section 3.9</u> to Partners other than the Partner requesting the information.

3.12. Tax Matters.

(a) <u>Tax Returns</u>. The General Partner shall arrange for the preparation and timely filing of all returns of Partnership income, gain, loss, deduction, credit and other items necessary for federal, state and local income tax purposes. The General Partner shall deliver to each Partner as copy of his/her/its IRS Form K-1 as soon as practicable after the end of the Fiscal Year, but in no event later than October 1. The classification, realization, and recognition of income, gain, loss, deduction, credit and

other items shall be on the cash or accrual method of accounting for federal income tax purposes, as the General Partner shall determine in its sole and unfettered discretion. The General Partner in its sole and unfettered discretion may pay state and local income taxes attributable to operations of the Partnership and treat such taxes as an expense of the Partnership.

- (b) <u>Tax Elections</u>. Except as otherwise provided herein, the General Partner shall, in its sole and unfettered discretion, determine whether to make any available tax election.
- (c) <u>Tax Controversies</u>. Subject to the provisions hereof, the General Partner is designated the Tax Matters Partner (as defined in Code Section 6231), and is authorized and required to represent the Partnership, at the Partnership's expense, in connection with all examinations of the Partnership's affairs by tax authorities, including resulting administrative and judicial proceedings, and to expend Partnership funds for professional services and costs associated therewith. Each Partner agrees to cooperate with the General Partner in connection with such proceedings.
- (d) <u>Taxation as a Partnership</u>. No election shall be made by the Partnership or any Partner for the Partnership to be excluded from the application of any of the provisions of Subchapter K, Chapter 1 of Subtitle A of the Code or from any similar provisions of any state tax laws.

ARTICLE 4

RIGHTS AND OBLIGATIONS OF PARTNERS

- **4.1. Rights and Obligations of the General Partner.** In addition to the rights and obligations set forth elsewhere in this Agreement, the General Partner shall have the following rights and obligations:
- Management. The General Partner shall conduct, direct, and exercise full control of over all activities of the Partnership. Except as otherwise expressly provided in this Agreement, all management powers over the business and affairs of the Partnership shall be exclusively vested in the General Partner, and Limited Partners shall have no right of control over the business and affairs of the Partnership. In addition to the powers now or hereafter granted to a general partner of a limited partnership under applicable law or that are granted to the General Partner under any provision of this Agreement, the General Partner shall have full power and authority to do all things deemed necessary or desirable by it to conduct the business of the Partnership, including, without limitation: (i) the determination of the activities in which the Partnership will participate; (ii) the performance of any and all acts necessary or appropriate to the operation of any business of the Partnership (including, without limitation, purchasing and selling any asset, any debt instruments, any equity interests, any commercial paper, any note receivables and any other obligations); (iii) the procuring and maintaining of such insurance as may be available in such amounts and covering such risks as are deemed appropriate by the General Partner; (iv) the acquisition, disposition, sale, mortgage, pledge, encumbrance, hyphothecation, of exchange of any or all of the assets of the Partnership; (v) the execution and delivery on behalf of, and in the name of the Partnership, deeds, deeds of trust, notes, leases, subleases, mortgages, bills of sale and any and all other contracts or instruments necessary or incidental to the conduct of the Partnership's business; (vi) the making of any expenditures, the borrowing of money, the guaranteeing of indebtedness and other liabilities, the issuance of evidences of indebtedness, and the incurrence of any obligations it deems necessary or advisable for the conduct of the activities of the Partnership, including, without limitation, the payment of compensation and reimbursement to the General Partner and its Affiliates pursuant to Section 3.10; (vii) the use of the assets of the Partnership (including, without limitation, cash on hand) for any Partnership purpose on any terms it sees fit, including, without limitation, the financing of operations of the Partnership, the lending of funds to other Persons, and the repayment of obligations

of the Partnership; (viii) the negotiation, execution, and performance of any contracts that it considers desirable, useful, or necessary to the conduct of the business or operations of the Partnership or the implementation of the General Partner's powers under this Agreement; (ix) the distribution of Partnership cash or other assets; (x) the selection, hiring and dismissal of employees, attorneys, accountants, consultants, contractors, agents and representatives and the determination of their compensation and other teens of employment or hiring; (xi) the formation of any further limited or general partnerships, joint ventures, or other relationships that it deems desirable and the contribution to such partnerships, ventures, or relationships of assets and properties of the Partnership; and (xii) the control of any matters affecting the rights and obligations of the Partnership, including, without limitation, the conduct of any litigation, the incurring of legal expenses, and the settlement of claims and suits.

- (b) <u>Certificate of Limited Partnership</u>. The General Partner caused the Certificate of Limited Partnership of the Partnership to be filed with the Secretary of State of Delaware as required by the Delaware Act and shall cause to be filed such other certificates or documents (including, without limitation, copies, amendments, or restatements of this Agreement) as may be determined by the General Partner to be reasonable and necessary or appropriate for the formation, qualification, or registration and operation of a limited partnership (or a partnership in which Limited Partners have limited liability) in the State of Delaware and in any other state where the Partnership may elect to do business.
- Reliance by Third Parties. Notwithstanding any other provision of this Agreement to the contrary, no lender or purchaser or other Person, including any purchaser of property from the Partnership or any other Person dealing with the Partnership, shall be required to verify any representation by the General Partner as to its authority to encumber, sell, or otherwise use any assess or properties of the Partnership, and any such lender, purchaser, or other Person shall be entitled to rely exclusively on such representations and shall be entitled to deal with the General Partner as if it were the sole party in interest therein, both legally and beneficially. Each Limited Partner hereby waives any and all defenses or other remedies that may be available against any such lender, purchaser, or other Person to contest, negate, or disaffirm any action of the General Partner in connection with any such sale or financing. In no event shall any Person dealing with the General Partner or the General Partner's representative with respect to any business or property of the Partnership be obligated to ascertain that the terms of this Agreement have been complied with, and each such Person shall be entitled to rely on the assumptions that the Partnership has been duly formed and is validly in existence. In no event shall any such Person be obligated to inquire into the necessity or expedience of any act or action of the General Partner or the General Partner's representative, and every contract, agreement, deed, mortgage, security agreement, promissory note, or other instrument or document executed by the General Partner or the General Partner's representative with respect to any business or property of the Partnership shall be conclusive evidence in favor of any and every Person relying thereon or claiming thereunder that (i), at the time of the execution and delivery thereof, this Agreement was in full force and effect; (ii) such instrument or document was duly executed in accordance with the terms and provisions of this Agreement and is binding upon the Partnership; and (iii) the General Partner or the General Partner's representative was duly authorized and empowered to execute and deliver any and every such instrument or document for and on behalf of the Partnership.
- (d) <u>Partnership Funds</u>. The funds of the Partnership shall be deposited in such account or accounts as are designated by the General Partner. The General Partner may, in its sole and unfettered discretion, deposit funds of the Partnership in a central disbursing account maintained by or in the name of the General Partner, the Partnership, or any other Person into which funds of the General Partner, the Partnership, on other Persons are also deposited; *provided, however*, at all times books of account are maintained that show the amount of funds of the Partnership on deposit in such account and interest accrued with respect to such funds as credited to the Partnership. The General Partner may use the funds of the Partnership as compensating balances for its benefit; *provided, however*, such funds do

not directly or indirectly secure, and are not otherwise at risk on account of, any indebtedness or other obligation of the General Partner or any director, officer, employee, agent, representative, or Affiliate thereof. Nothing in this Section 4.1(d) shall be deemed to prohibit or limit in any manner the right of the Partnership to lend funds to the General Partner or any Affiliate thereof pursuant to Section 4.1(e)(i). All withdrawals from or charges against such accounts shall be made by the General Partner or by its representatives. Funds of the Partnership may be invested as determined by the General Partner in accordance with the terms and provisions of this Agreement.

(e) Loans to or from General Partner; Contracts with Affiliates; Joint Ventures.

- (i) The General Partner or any Affiliate of the General Partner may lend to the Partnership funds needed by the Partnership for such periods of time as the General Partner may determine; provided, however, the General Partner or its Affiliate may not charge the Partnership interest at a rate greater than the rate (including points or other financing charges or fees) that would be charged the Partnership (without reference to the General Partner's financial abilities or guaranties) by unrelated lenders on comparable loans. The Partnership shall reimburse the General Partner or its Affiliate, as the case may be, for any costs incurred by the General Partner or that Affiliate in connection with the borrowing of funds obtained by the General Partner or that Affiliate and loaned to the Partnership. The Partnership may loan funds to the General Partner and any member of the Founding Partner Group at the General Partner's sole and exclusive discretion.
- (ii) The General Partner or any of its Affiliates may enter into an agreement with the Partnership to render services, including management services, for the Partnership. Any service rendered for the Partnership by the General Partner or any Affiliate thereof shall be on terms that are fair and reasonable to the Partnership.
- (iii) The Partnership may Transfer any assets to joint ventures or other partnerships in which it is or thereby becomes a participant upon terms and subject to such conditions consistent with applicable law as the General Partner deems appropriate; provided, however, that the Partnership may not transfer any asset to the General Partner or one of its Affiliates during any NAV Ratio Trigger Period for consideration less than such asset's fair market value.
- (f) <u>Outside Activities' Conflicts of Interest</u>. The General Partner or any Affiliate thereof and any director, officer, employee, agent, or representative of the General Partner or any Affiliate thereof shall be entitled to and may have business interests and engage in business activities in addition to those relating to the Partnership, including, without limitation, business interests and activities in direct competition with the Partnership. Neither the Partnership nor any of the Partners shall have any rights by virtue of this Agreement or the partnership relationship created hereby in any business ventures of the General Partner, any Affiliate thereof, or any director, officer, employee, agent, or representative of either the General Partner or any Affiliate thereof.
- (g) Resolution of Conflicts of Interest. Unless otherwise expressly provided in this Agreement or any other agreement contemplated herein, whenever a conflict of interest exists or arises between the General Partner or any of its Affiliates, on the one hand, and the Partnership or any Limited Partner, on the other hand, any action taken by the General Partner, in the absence of bad faith by the General Partner, shall not constitute a breach of this Agreement or any other agreement contemplated herein or a breach of any standard of care or duty imposed herein or therein or under the Delaware Act or any other applicable law, rule, or regulation.
- (h) <u>Indemnification</u>. The Partnership shall indemnify and hold harmless the General Partner and any director, officer, employee, agent, or representative of the General Partner (collectively,

the "GP Party"), against all liabilities, losses, and damages incurred by any of them by reason of any act performed or omitted to be performed in the name of or on behalf of the Partnership, or in connection with the Partnership's business, including, without limitation, attorneys' fees and any amounts expended in the settlement of any claims or liabilities, losses, or damages, to the fullest extent permitted by the Delaware Act; provided, however, the Partnership shall have no obligation to indemnify and hold harmless a GP Party for any action or inaction that constitutes gross negligence or willful or wanton misconduct. The Partnership, in the sole and unfettered discretion of the General Partner, may indemnify and hold harmless any Limited Partner, employee, agent, or representative of the Partnership, any Person who is or was serving at the request of the Partnership acting through the General Partner as a director, officer, partner, trustee, employee, agent, or representative of another corporation, partnership, joint venture, trust, or other enterprise, and any other Person to the extent determined by the General Partner in its sole and unfettered discretion, but in no event shall such indemnification exceed the indemnification permitted by the Delaware Act. Notwithstanding anything to the contrary in this Section 4.1(h) or elsewhere in this Agreement, no amendment to the Delaware Act after the date of this Agreement shall reduce or limit in any manner the indemnification provided for or permitted by this Section 4.1(h) unless such reduction or limitation is mandated by such amendment for limited partnerships formed prior to the enactment of such amendment. In no event shall Limited Partners be subject to personal liability by reason of the indemnification provisions of this Agreement.

(i) Liability of General Partner.

- (i) Neither the General Partner nor its directors, officers, employees, agents, or representatives shall be liable to the Partnership or any Limited Partner for errors in judgment or for any acts or omissions that do not constitute gross negligence or willful or wanton misconduct.
- (ii) The General Partner may exercise any of the powers granted to it by this Agreement and perform any of the duties imposed upon it hereunder either directly or by or through its directors, officers, employees, agents, or representatives, and the General Partner shall not be responsible for any misconduct or negligence on the part of any agent or representative appointed by the General Partner.

(j) Reliance by General Partner.

- (i) The General Partner may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, bond, debenture, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.
- (ii) The General Partner may consult with legal counsel, accountants, appraisers, management consultants, investment bankers, and other consultants and advisers selected by it, and any opinion of any such Person as to matters which the General Partner believes to be within such Person's professional or expert competence shall be full and complete authorization and protection in respect of any action taken or suffered or omitted by the General Partner hereunder in good faith and in accordance with such opinion.
- (k) The General Partner may, from time to time, designate one or more Persons to be officers of the Partnership. No officer need be a Partner. Any officers so designated shall have such authority and perform such duties as the General Partner may, from time to time, delegate to them. The General Partner may assign titles to particular officers, including, without limitation, president, vice president, secretary, assistant secretary, treasurer and assistant treasurer. Each officer shall hold office until such Person's successor shall be duly designated and shall qualify or until such Person's death or

until such Person shall resign or shall have been removed in the manner hereinafter provided. Any number of offices may be held by the same Person. The salaries or other compensation, if any, of the officers and agents of the Partnership shall be fixed from time to time by the General Partner. Any officer may be removed as such, either with or without cause, by the General Partner whenever in the General Partner's judgment the best interests of the Partnership will be served thereby. Any vacancy occurring in any office of the Partnership may be filled by the General Partner.

- **4.2. Rights and Obligations of Limited Partners**. In addition to the rights and obligations of Limited Partners set forth elsewhere in this Agreement, Limited Partners shall have the following rights and obligations:
- (a) <u>Limitation of Liability</u>. Limited Partners shall have no liability under this Agreement except as provided herein or under the Delaware Act.
- (b) <u>Management of Business</u>. No Limited Partner shall take part in the control (within the meaning of the Delaware Act) of the Partnership's business, transact any business in the Partnership's name, or have the power to sign documents for or otherwise bind the Partnership other than as specifically set forth in this Agreement.
- (c) <u>Return of Capital</u>. No Limited Partner shall be entitled to the withdrawal or return of its Capital Contribution except to the extent, if any, that distributions made pursuant to this Agreement or upon termination of the Partnership may be considered as such by law and then only to the extent provided for in this Agreement.
- (d) <u>Second Amended Buy-Sell and Redemption Agreement</u>. Each Limited Partner shall comply with the terms and conditions of the Second Amended Buy-Sell and Redemption Agreement.
- (e) <u>Default on Priority Distributions</u>. If the Partnership fails to timely pay Priority Distributions pursuant to Section 3.9(b), and the Partnership does not subsequently make such Priority Distribution within ninety days of its due date, the Class B Limited Partner or the Class C Limited Partner may require the Partnership to liquidate publicly traded securities held by the Partnership or Highland Select Equity Master Fund, L.P., a Delaware limited partnership controlled by the Partnership; <u>provided</u>, <u>however</u>, that the General Partner may in its sole discretion elect instead to liquidate other non-publicly traded securities owned by the Partnership in order to satisfy the Partnership's obligations under <u>Section 3.9(b)</u> and this <u>Section 4.2(e)</u>. In either case, Affiliates of the General Partner shall have the right of first offer to purchase any securities liquidated under this <u>Section 4.2(e)</u>.

4.3. Transfer of Partnership Interests.

(a) <u>Transfer</u>. No Partnership Interest shall be Transferred, in whole or in part, except in accordance with the terms and conditions set forth in this <u>Section 4.3</u> and the Second Amended Buy-Sell and Redemption Agreement. Any Transfer or purported Transfer of any Partnership Interest not made in accordance with this <u>Section 4.3</u> and the Second Amended Buy-Sell and Redemption Agreement shall be null and void. An alleged transferee shall have no right to require any information or account of the Partnership's transactions or to inspect the Partnership's books. The Partnership shall be entitled to treat the alleged transferor of a Partnership Interest as the absolute owner thereof in all respects, and shall incur no liability to any alleged transferee for distributions to the Partner owning that Partnership Interest of record or for allocations of Profits, Losses, deductions or credits or for transmittal of reports and notices required to be given to holders of Partnership Interests.

- (b) Transfers by General Partner. The General Partner may Transfer all, but not less than all, of its Partnership Interest to any Person only with the approval of a Majority Interest; provided, however, that the General Partner may not Transfer its Partnership Interest during any NAV Ratio Trigger Period except to the extent such Transfers are for estate planning purposes or resulting from the death of the individual owner of the General Partner. Any Transfer by the General Partner of its Partnership Interest under this Section 4.3(b) to an Affiliate of the General Partner or any other Person shall not constitute a withdrawal of the General Partner under Section 4.5(a), Section 5.1(b), or any other provision of this Agreement. If any such Transfer is deemed to constitute a withdrawal under such provisions or otherwise and results in the dissolution of the Partnership under this Agreement or the laws of any jurisdiction to which the Partnership of this Agreement is subject, the Partners hereby unanimously consent to the reconstitution and continuation of the Partnership immediately following such dissolution, pursuant to Section 5.2.
- (c) <u>Transfers by Limited Partners</u>. The Partnership Interest of a Limited Partner may not be Transferred without the consent of the General Partner (which consent may be withheld in the sole and unfettered discretion of the General Partner), and in accordance with the Second Amended Buy-Sell and Redemption Agreement.
- Distributions and Allocations in Respect of Transferred Partnership Interests. If (d) any Partnership Interest is Transferred during any Fiscal Year in compliance with the provisions of Article 4 and the Second Amended Buy-Sell and Redemption Agreement, Profits, Losses, and all other items attributable to the transferred interest for that period shall be divided and allocated between the transferor and the transferee by taking into account their varying interests during the period in accordance with Code Section 706(d), using any conventions permitted by law and selected by the General Partner; provided that no allocations shall be made under this Section 4.3(d) that would affect any special allocations made under Section 3.4. All distributions declared on or before the date of that Transfer shall be made to the transferor. Solely for purposes of making such allocations and distributions, the Partnership shall recognize that Transfer not later than the end of the calendar month during which it is given notice of that Transfer; provided, however, if the Partnership does not receive a notice stating the date that Partnership Interest was Transferred and such other information as the General Partner may reasonably require within thirty (30) days after the end of the Fiscal Year during which the Transfer occurs, then all of such items shall be allocated, and all distributions shall be made, to the person who, according to the books and records of the Partnership, on the last day of the Fiscal Year during which the Transfer occurs, was the owner of the Partnership Interest. Neither the Partnership nor any Partner shall incur any liability for making allocations and distributions in accordance with the provisions of this Section 4.3(d), whether or not any Partner or the Partnership has knowledge of any Transfer of ownership of any Partnership Interest.
- (e) <u>Forfeiture of Partnership Interests Pursuant to the Contribution Note</u>. In the event any Class B Limited Partnership Interests are forfeited in favor of the Partnership as a result of any default on the Contribution Note, the Capital Accounts and Percentage Interests associated with such Class B Limited Partnership Interests shall be allocated pro rata among the Class A Partners. The Priority Distributions in Section 3.9(b) made after the date of such forfeiture shall each be reduced by an amount equal to the ratio of the Percentage Interest associated with the Class B Limited Partnership Interest transferred pursuant to this <u>Section 4.3(e)</u> over the aggregate Percentage Interests of all Class B Limited Partnership Interests and Class C Limited Partnership Interests, calculated immediately prior to any forfeiture of such Class B Limited Partnership Interest.
- (f) <u>Transfers of Partnership Interests Pursuant to the Purchase Notes.</u> Notwithstanding any other provision in this Agreement, the Partnership shall respect, and the General Partner hereby provides automatic consent for, any transfers (in whole or transfers of partial interests) of

the Class C Limited Partnership Interests, or a portion thereof, if such transfer occurs as a result of a default on the Purchase Notes. Upon the transfer of any Class C Limited Partnership Interest to any member of the Founding Partner Group (or their assigns), such Class C Limited Partnership Interest shall automatically convert to a Class A Partnership Interest. The Priority Distributions in Section 3.9(b) shall each be reduced by an amount equal to the ratio of the Percentage Interest associated with the transferred Class C Limited Partnership Interest over the aggregate Percentage Interests of all Class B Limited Partnership Interests and Class C Limited Partnership Interests, calculated immediately prior to any transfer of such Class C Limited Partnership Interest.

4.4. Issuances of Partnership Interests to New and Existing Partners.

- (a) <u>Issuance of Partnership Interests to New Limited Partners.</u> The General Partner may admit one or more additional Persons as Limited Partners ("Additional Limited Partners") to the Partnership at such times and upon such terms as it deems appropriate in its sole and unfettered discretion; provided, however, that the General Partner may only admit additional Persons as Limited Partners in relation to the issuance of equity incentives to key employees of the Partnership; provided, further that the General Partner may not issue such equity incentives to the extent they entitle the holders, in the aggregate, to a Percentage Interest in excess of twenty percent without the consent of the Class B Limited Partner and the Class C Limited Partner. All Class A Limited Partners, the Class B Limited Partner and the Class C Limited Partner shall be diluted proportionately by the issuance of such limited partnership interests. No Person may be admitted to the Partnership as a Limited Partner until he/she/it executes an Addendum to this Agreement in the form attached as Exhibit B (which may be modified by the General Partner in its sole and unfettered discretion) and an addendum to the Second Amended Buy-Sell and Redemption Agreement.
- (b) <u>Issuance of an Additional Partnership Interest to an Existing Partner</u>. The General Partner may issue an additional Partnership Interest to any existing Partner at such times and upon such terms as it deems appropriate in its sole and unfettered discretion. Upon the issuance of an additional Partnership Interest to an existing Partner, the Percentage Interests of the members of the Founding Partner Group shall be diluted proportionately. Any additional Partnership Interest shall be subject to all the terms and conditions of this Agreement and the Second Amended Buy-Sell and Redemption Agreement.

4.5. Withdrawal of General Partner

- (a) Option. In the event of the withdrawal of the General Partner from the Partnership, the departing General Partner (the "Departing Partner") shall, at the option of its successor (if any) exercisable prior to the effective date of the departure of that Departing Partner, promptly receive from its successor in exchange for its Partnership Interest as the General Partner, an amount in cash equal to its Capital Account balance, determined as of the effective date of its departure.
- (b) <u>Conversion</u>. If the successor to a Departing Partner does not exercise the option described in <u>Section 4.5(a)</u>, the Partnership Interest of the Departing Partner as the General Partner of the Partnership shall be converted into a Partnership Interest as a Limited Partner.

4.6. Admission of Substitute Limited Partners and Successor General Partner.

(a) <u>Admission of Substitute Limited Partners</u>. A transferee (which may be the heir or legatee of a Limited Partner) or assignee of a Limited Partner's Partnership Interest shall be entitled to receive only the distributive share of the Partnership's Profits, Losses, deductions, and credits attributable to that Partnership Interest. To become a substitute Limited Partner (a "Substitute Limited Partner"),

that transferee or assignee shall (1) obtain the consent of the General Partner (which consent may be withheld in the sole and unfettered discretion of the General Partner), (ii) comply with all the requirements of this Agreement and the Second Amended Buy-Sell and Redemption Agreement with respect to the Transfer of the Partnership Interest at issue, and (iii) execute an Addendum to this Agreement in the form attached as Exhibit B (which may be modified by the General Partner in its sole and unfettered discretion) and an addendum to the Second Amended Buy-Sell and Redemption Agreement. Upon admission of a Substitute Limited Partner, that Limited Partner shall be subject to all of the restrictions applicable to, shall assume all of the obligations of, and shall attain the status of a Limited Partner under and pursuant to this Agreement with respect to the Partnership Interest held by that Limited Partner.

- (b) <u>Admission of Successor General Partner</u>. A successor General Partner selected pursuant to <u>Section 5.2</u> or the transferee of or successor to all of the Partnership Interest of the General Partner pursuant to <u>Section 4.3(b)</u> shall be admitted to the Partnership as the General Partner, effective as of the date of the withdrawal or removal of the predecessor General Partner or the date of Transfer of that predecessor's Partnership Interest.
- (c) <u>Action by General Partner</u>. In connection with the admission of any substitute Limited Partner or successor General Partner or any additional Limited Partner, the General Partner shall have the authority to take all such actions as it deems necessary or advisable in connection therewith, including the amendment of <u>Exhibit A</u> and the execution and filing with appropriate authorities of any necessary documentation.

ARTICLE 5

DISSOLUTION AND WINDING UP

- **5.1. Dissolution.** The Partnership shall be dissolved upon:
- (a) The withdrawal, bankruptcy, or dissolution of the General Partner, or any other event that results in its ceasing to be the General Partner (other than by reason of a Transfer pursuant to Section 4.3(b));
- (b) An election to dissolve the Partnership by the General Partner that is approved by the affirmative vote of a Majority Interest; *provided, however*, the General Partner may dissolve the Partnership without the approval of the Limited Partners in order to comply with Section 14 of the Second Amended Buy-Sell and Redemption Agreement; or
 - (c) Any other event that, under the Delaware Act, would cause its dissolution.

For purposes of this Section 5.1, the bankruptcy of the General Partner shall be deemed to have occurred when the General Partner: (i) makes a general assignment for the benefit of creditors; (ii) files a voluntary bankruptcy petition; (iii) becomes the subject of an order for relief or is declared insolvent in any federal or state bankruptcy or insolvency proceeding: (iv) files a petition or answer seeking a reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any law; (v) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the General Partner in a proceeding of the type described in clauses (i) through (iv) of this paragraph; (vi) seeks, consents to, or acquiesces in the appointment of a trustee, receiver, or liquidator of the General Partner or of all or any substantial part of the General Partner's properties; or (vii) one hundred twenty (120) days expire after the date of the commencement of a proceeding against the General Partner seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution, or

similar relief under any law if the proceeding has not been previously dismissed, or ninety (90) days expire after the date of the appointment, without the General Partner's consent or acquiescence, of a trustee, receiver, or liquidator of the General Partner or of all or any substantial part of the General Partner's properties if the appointment has not previously been vacated or stayed, or ninety (90) days expire after the date of expiration of a stay, if the appointment has not previously been vacated.

- 5.1(a), the Partnership shall be deemed to be dissolved and reconstituted if a Majority Interest elect to continue the Partnership within ninety (90) days of that event. If no election to continue the Partnership is made within ninety (90) days of that event, the Partnership shall conduct only activities necessary to wind up its affairs. If an election to continue the Partnership is made upon the occurrence of an event described in Section 5.1(a), then:
- (a) Within that ninety (90)-day period a successor General Partner shall be selected by a Majority Interest;
- (b) The Partnership shall be deemed to be reconstituted and shall continue until the end of the term for which it is formed unless earlier dissolved in accordance with this <u>Article 5</u>;
- (c) The interest of the former General Partner shall be converted to an interest as a Limited Partner; and
- (d) All necessary steps shall be taken to amend or restate this Agreement and the Certificate of Limited Partnership, and the successor General Partner may for this purpose amend this Agreement and the Certificate of Limited Partnership, as appropriate, without the consent of any Partner.
- Liquidation. Upon dissolution of the Partnership, unless the Partnership is continued 5.3. under Section 5.2, the General Partner or, in the event the General Partner has been dissolved, becomes bankrupt (as defined in Section 5.1), or withdraws from the Partnership, a liquidator or liquidating committee selected by a Majority Interest, shall be the Liquidator. The Liquidator (if other than the General Partner) shall be entitled to receive such compensation for its services as may be approved by a Majority Interest. The Liquidator shall agree not to resign at any time without fifteen (15) days' prior written notice and (if other than the General Partner) may be removed at any time, with or without cause, by notice of removal approved by a Majority Interest. Upon dissolution, removal, or resignation of the Liquidator, a successor and substitute Liquidator (who shall have and succeed to all rights, powers, and duties of the original Liquidator) shall within thirty (30) days thereafter be selected by a Majority Interest. The right to appoint a successor or substitute Liquidator in the manner provided herein shall be recurring and continuing for so long as the functions and services of the Liquidator are authorized to continue under the provisions hereof, and every reference herein to the Liquidator shall be deemed to refer also to any such successor or substitute Liquidator appointed in the manner provided herein. Except as expressly provided in this Article 5, the Liquidator appointed in the manner provided herein shall have and may exercise, without further authorization or consent of any of the parties hereto, all of the powers conferred upon the General Partner under the terms of this Agreement (but subject to all of the applicable limitations, contractual and otherwise, upon the exercise of such powers) to the extent necessary or desirable in the good faith judgment of the Liquidator to carry out the duties and functions of the Liquidator hereunder for and during such period of time as shall be reasonably required in the good faith judgment of the Liquidator to complete the winding up and liquidation of the Partnership as provided herein. The Liquidator shall liquidate the assets of the Partnership and apply and distribute the proceeds of such liquidation in the following order of priority, unless otherwise required by mandatory provisions of applicable law:

- (a) To the payment of the expenses of the terminating transactions including, without limitation, brokerage commission, legal fees, accounting fees and closing costs;
- (b) To the payment of creditors of the Partnership, including Partners, in order of priority provided by law;
- (c) To the Partners and assignees to the extent of, and in proportion to, the positive balances in their respective Capital Accounts as provided in Treasury Regulations Section 1.704-1(b)(2)(ii)(b)(2); provided, however, the Liquidator may place in escrow a reserve of cash or other assets of the Partnership for contingent liabilities in an amount determined by the Liquidator to be appropriate for such purposes; and
 - (d) To the Partners in proportion to their respective Percentage Interests.
- 5.4. Distribution in Kind. Notwithstanding the provisions of Section 5.3 that require the liquidation of the assets of the Partnership, but subject to the order of priorities set forth therein, if on dissolution of the Partnership the Liquidator determines that an immediate sale of part or all of the Partnership's assets would be impractical or would cause undue loss to the Partners and assignees, the Liquidator may defer for a reasonable time the liquidation of any assets except those necessary to satisfy liabilities of the Partnership (other than those to Partners) and/or may distribute to the Partners and assignees, in lieu of cash, as tenants in common and in accordance with the provisions of Section 5.3, undivided interests in such Partnership assets as the Liquidator deems not suitable for liquidation. Any such distributions in kind shall be subject to such conditions relating to the disposition and management of such properties as the Liquidator deems reasonable and equitable and to any joint operating agreements or other agreements governing the operation of such properties at such time. The Liquidator shall determine the fair market value of any property distributed in kind using such reasonable method of valuation as it may adopt.
- 5.5. Cancellation of Certificate of Limited Partnership. Upon the completion of the distribution of Partnership property as provided in <u>Sections 5.3</u> and <u>5.4</u>, the Partnership shall be terminated, and the Liquidator (or the General Partner and Limited Partners if necessary) shall cause the cancellation of the Certificate of Limited Partnership in the State of Delaware and of all qualifications and registrations of the Partnership as a foreign limited partnership in jurisdictions other **than** the State of Delaware and shall take such other actions as may be necessary to terminate the Partnership.
- **5.6. Return of Capital.** The General Partner shall not be personally liable for the return of the Capital Contributions of Limited Partners, or any portion thereof, it being expressly understood that any such return shall be **made** solely from Partnership assets.
- **5.7. Waiver of Partition.** Each Partner hereby waives any rights to partition of the Partnership property.

ARTICLE 6

GENERAL PROVISIONS

6.1. Amendments to Agreement. The General Partner may amend this Agreement without the consent of any Partner if the General Partner reasonably determines that such amendment is necessary and appropriate; *provided, however, any* action taken by the General Partner shall be subject to its fiduciary duties to the Limited Partners under the Delaware Act; provided further that any amendments

that adversely affect the Class B Limited Partner or the Class C Limited Partner may only be made with the consent of such Partner adversely affected.

- **6.2.** Addresses and Notices. Any notice, demand, request, or report required or permitted to be given or made to a Partner under this Agreement shall be in writing and shall be deemed given or made when delivered in person or when sent by United States registered or certified mail to the Partner at his/her/its address as shown on the records of the Partnership, regardless of any claim of any Person who may have an interest in any Partnership Interest by reason of an assignment or otherwise.
- **6.3. Titles and Captions.** All article and section titles and captions in the Agreement are for convenience only, shall not be deemed part of this Agreement, and in no way shall define, limit, extend, or describe the scope or intent of any provisions hereof. Except as specifically provided otherwise, references to "Articles," "Sections" and "Exhibits" are to "Articles," "Sections" and "Exhibits" of this Agreement. All Exhibits hereto are incorporated herein by reference.
- **6.4. Pronouns and Plurals.** Whenever the context may require, any pronoun used in this Agreement shall include the corresponding masculine, feminine, or neuter forms, and the singular form of nouns, pronouns, and verbs shall include the plural and vice versa.
- **6.5. Further Action.** The parties shall execute all documents, provide all information, and take or refrain from taking all actions as may be necessary or appropriate to achieve the purposes of this Agreement.
- **6.6. Binding Effect.** This Agreement shall be binding upon and inure to the benefit of the parties hereto and their heirs, executors, administrators, successors, legal representatives, and permitted assigns.
- **6.7. Integration.** This Agreement constitutes the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements and understandings pertaining thereto.
- **6.8.** Creditors. None of the provisions of this Agreement shall be for the benefit of or enforceable by any creditors of the Partnership.
- **6.9. Waiver.** No failure by any party to insist upon the strict performance of any covenant, duty, agreement, or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute waiver of any such breach or any other covenant, duty, agreement, or condition.
- **6.10.** Counterparts. This agreement may be executed in counterparts, all of which together shall constitute one agreement binding on all the parties hereto, notwithstanding that all such parties are not signatories to the original or the same counterpart.
- **6.11. Applicable Law.** This Agreement shall be construed in accordance with and governed by the laws of the State of Delaware, without regard to the principles of conflicts of law.
- **6.12. Invalidity of Provisions.** If any provision of this Agreement is declared or found to be illegal, unenforceable, or void, in whole or in part, then the parties shall be relieved of all obligations arising under that provision, but only to the extent that it is illegal, unenforceable, or void, it being the intent and agreement of the parties that this Agreement shall be deemed amended by modifying that provision to the extent necessary to make it legal and enforceable while preserving its intent or, if that is

not possible, by substituting therefor another provision that is legal and enforceable and achieves the same objectives.

- **6.13.** General Partner Discretion. Whenever the General Partner may use its sole discretion, the General Partner may consider any items it deems relevant, including its own interest and that of its affiliates.
- Mandatory Arbitration. In the event there is an unresolved legal dispute between the 6.14. parties and/or any of their respective officers, directors, partners, employees, agents, affiliates or other representatives that involves legal rights or remedies arising from this Agreement, the parties agree to submit their dispute to binding arbitration under the authority of the Federal Arbitration Act; provided, however, that the Partnership or such applicable affiliate thereof may pursue a temporary restraining order and /or preliminary injunctive relief in connection with any confidentiality covenants or agreements binding on the other party, with related expedited discovery for the parties, in a court of law, and thereafter, require arbitration of all issues of final relief. The arbitration will be conducted by the American Arbitration Association, or another mutually agreeable arbitration service. A panel of three arbitrators will preside over the arbitration and will together deliberate, decide and issue the final award. The arbitrators shall be duly licensed to practice law in the state of Texas. The discovery process shall be limited to the following: Each side shall be permitted no more than (i) two party depositions of six hours each, each deposition to be taken pursuant to the Texas Rules of Civil Procedure; (ii) one non-party deposition of six hours; (iii) twenty-five interrogatories; (iv) twenty-five requests for admissions; (v) ten request for production (in response, the producing party shall not be obligated to produce in excess of 5,000 total pages of documents, including electronic documents); and (vi) one request for disclosure pursuant to the Texas Rules of Civil Procedure. Any discovery not specifically provided for in this paragraph, whether to parties or non-parties, shall not be permitted. The arbitrators shall be required to state in a written opinion all facts and conclusions of law relied upon to support any decision rendered. The arbitrators will not have the authority to render a decision that contains an outcome based on error of state or federal law or to fashion a cause of action or remedy not otherwise provided for under applicable state or federal law. Any dispute over whether the arbitrators have failed to comply with the foregoing will be resolved by summary judgment in a court of law. In all other respects, the arbitration process will be conducted in accordance with the American Arbitration Association's dispute resolution rules or other mutually agreeable arbitration services rules. All proceedings shall be conducted in Dallas, Texas or another mutually agreeable site. Each party shall bear its own attorneys fees, costs and expenses, including any costs of experts, witnesses and /or travel, subject to a final arbitration award on who should bear costs and fees. The duty to arbitrate described above shall survive the termination of this Agreement. Except as otherwise provided above, the parties hereby waive trial in a court of law or by jury. All other rights, remedies, statutes of limitation and defenses applicable to claims asserted in a court of law will apply in the arbitration.

Remainder of Page intentionally Left Blank. Signature Page Follows. IN WITNESS WHEREOF, the parties hereto have entered into this Agreement as of the date and year first written above.

GENERAL PARTNER:

STRAND-ADVISORS, INC.,

a Delaware corporation

By:

James D. Dondero,

President

LIMITED PARTNERS:

THE DUGABOY INVESTMENT TRUST

Name: Nancy M. Dondero

Its: Trustee

THE MARK AND PAMELA OKADA FAMILY TRUST – EXEMPT TRUST #1

By: Name: Lawrence Tonomura

Its: Trustee

THE MARK AND PAMELA OKADA FAMILY TRUST – EXEMPT TRUST #2

By: Name: Lawrence Tonomura

lts: Trustee

Wilder Transfer

Mark K. Okada

GENERAL PARTNER:
STRAND ADVISORS, INC., a Delaware corporation
By: James D. Dondero, President
LIMITED PARTNERS:
THE DUGABOY INVESTMENT TRUST
By: Name: Nancy M. Dondero Its: Trustee
THE MARK AND PAMELA OKADA FAMI TRUST – EXEMPT TRUST #1
By: Name: Lawrence Tonomura Its Trustee
THE MARK AND PAMELA OKADA FAMI TRUST – EXEMPT TRUST #2
By: Name: Layrence Tonom ra Its: Trastee
MARK K. OKADA
Mark K. Okada

HUNTER MOUNTAIN/INVESTMENT TRUST

By: Beacon Mountain L.C. Administrator

By: ____ Name: John Honik

lts: President

EXHIBIT A

	Percentage Interest	
CLASS A PARTNERS	By Class	Effective %
GENERAL PARTNER:		
Strand Advisors	0.5573%	0.2508%
LIMITED PARTNERS:		
The Dugaboy Investment Trust	74.4426%	0.1866%
Mark K. Okada	19.4268%	0.0487%
The Mark and Pamela Okada Family Trust - Exempt Trust #1	3.9013%	0.0098%
The Mark and Pamela Okada Family Trust - Exempt Trust #2	1.6720%	0.0042%
Total Class A Percentage Interest	100.0000%	0.500%
CLASS B LIMITED PARTNERS		
Hunter Mountain Investment Trust	100.0000%	55.0000%
CLASS C LIMITED PARTNERS		
Hunter Mountain Investment Trust	100.0000%	44.500%
PROFIT AND LOSS AMONG CLASSES		
Class A Partners	0.5000%	
Class B Partners	55.0000%	
Class C Partners	44.5000%	

EXHIBIT B

ADDENDUM TO THE

FOURTH AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF HIGHLAND CAPITAL MANAGEMENT, L.P.

THIS ADDENDUM (this "Addendum") to that certain Fourth Amended and Restated Agreement of Limited Partnership of Highland Capital Management, L.P., dated December 24, 2015, to be effective as of December 24, 2015, as amended from time to time (the "Agreement"), is made and entered into as of the day of, 20_, by and between Strand Advisors, Inc., as the sole General Partner (the "General Partner") of Highland Capital Management, L.P. (the "Partnership") and ("") (except as otherwise provided herein, all capitalized terms used herein shall have the meanings set forth in the Agreement).
RECITALS:
WHEREAS, the General Partner, in its sole and unfettered discretion, and without the consent of any Limited Partner, has the authority under (i) Section 4.4 of the Agreement to admit Additional Limited Partners, (ii) Section 4.6 of the Agreement to admit Substitute Limited Partners and (iii) Section 6.1 of the Agreement to amend the Agreement;
WHEREAS, the General Partner desires to admit as a Class Limited Partner holding a% Percentage Interest in the Partnership as of the date hereof;
WHEREAS,desires to become a Class Limited Partner and be bound by the terms and conditions of the Agreement; and
WHEREAS, the General Partner desires to amend the Agreement to add as a party thereto.
AGREEMENT:
RESOLVED, as a condition to receiving a Partnership Interest in the Partnership,acknowledges and agrees that he/she/it (i) has received and read a copy of the Agreement, (ii) shall be bound by the terms and conditions of the Agreement; and (iii) shall promptly execute an addendum to the Second Amended Buy-Sell and Redemption Agreement; and be it
FURTHER RESOLVED, the General Partner hereby amends the Agreement to add as a Limited Partner, and the General Partner shall attach this Addendum to the Agreement and make it a part thereof; and be it
FURTHER RESOLVED, this Addendum may be executed in any number of counterparts, all of

which together shall constitute one Addendum binding on all the parties hereto, notwithstanding that all

such parties are not signatories to the original or the same counterpart.

 $\,$ IN WITNESS WHEREOF, the undersigned have executed this Addendum as of the day and year above written.

above written.	
	GENERAL PARTNER:
	STRAND ADVISORS, INC.
	By: Name: Title:
	NEW LIMITED PARTNER:
AGREED AND ACCEPTED:	
allowing the above signed Person to become a L	and the Agreement, in consideration of the Partnership's imited Partner of the Partnership, and for other good and by acknowledged, the undersigned shall be bound by the a party thereto.
SPOUSE OF NEW LIMITED PARTNER:	
ſ	1

B1040 (FORM 1040) (12/15)

ADVERSARY PROCEEDING COVER SHED (Instructions on Reverse)	ADVERSARY PROCEEDING NUMBER (Court Use Only)	
PLAINTIFFS Highland Capital Management, L.P.	DEFENDANTS NexPoint Advisors, L.P., James Dondero, Nancy Dondero, and The Dugaboy Investment Trust	
ATTORNEYS (Firm Name, Address, and Telephone No.) Hayward PLLC 10501 N. Central Expressway, Suite 106 Dallas, Texas 75231 Tel.: (972) 755-7100	ATTORNEYS (If Known) Munsch Hardt Kopf & Harr, P.C. (for NexPoint); Stinson LLP (for Nancy Dondero); Heller, Draper, & Horn, L.L.C. (for The Dugaboy Investment True	
PARTY (Check One Box Only) ✓ Debtor □ U.S. Trustee/Bankruptcy Admin □ Creditor □ Other □ Trustee	PARTY (Check One Box Only) □ Debtor □ U.S. Trustee/Bankruptcy Admin □ Creditor ☑ Other □ Trustee	
CAUSE OF ACTION (WRITE A BRIEF STATEMENT OF CAUSE OF ACTION, INCLUDING ALL U.S. STATUTES INVOLVED) Breach of Contract; Turnover Pursuant to 11 USC 542(b); Avoidance and Recovery of Actual Fraudulent Transfer under 11 USC 548(a)(1)(A) and 550; Avoidance and Recovery of Actual Fraudulent Transfer under 11 USC 544(b) and 550 and Tex. Bus. & C. Code 24.005(a)(1); Declaratory Relief; Breach of Fiduciary Duty; Aiding & Abetting Breach of Fiduciary Duty		
NATURE OF SUIT (Number up to five (5) boxes starting with lead cause of action as 1, first alternative cause as 2, second alternative cause as 3, etc.)		
FRBP 7001(1) – Recovery of Money/Property 11-Recovery of money/property - \$542 turnover of property 12-Recovery of money/property - \$547 preference 313-Recovery of money/property - \$548 fraudulent transfer 414-Recovery of money/property - other FRBP 7001(2) – Validity, Priority or Extent of Lien 21-Validity, priority or extent of lien or other interest in property FRBP 7001(3) – Approval of Sale of Property 31-Approval of sale of property of estate and of a co-owner - \$363(h)	FRBP 7001(6) – Dischargeability (continued) ☐ 61-Dischargeability - §523(a)(5), domestic support ☐ 68-Dischargeability - §523(a)(6), willful and malicious injury ☐ 63-Dischargeability - §523(a)(8), student loan ☐ 64-Dischargeability - §523(a)(15), divorce or separation obligation	
FRBP 7001(4) – Objection/Revocation of Discharge 41-Objection / revocation of discharge - \$727(c),(d),(e)	FRBP 7001(8) Subordination of Claim or Interest 81-Subordination of claim or interest	
FRBP 7001(5) – Revocation of Confirmation 51-Revocation of confirmation	FRBP 7001(9) Declaratory Judgment 91-Declaratory judgment	
FRBP 7001(6) – Dischargeability 66-Dischargeability - \$523(a)(1),(14),(14A) priority tax claims 62-Dischargeability - \$523(a)(2), false pretenses, false representation, actual fraud 67-Dischargeability - \$523(a)(4), fraud as fiduciary, embezzlement, larceny (continued next column)	FRBP 7001(10) Determination of Removed Action 01-Determination of removed claim or cause Other SS-SIPA Case – 15 U.S.C. §§78aaa et.seq. 02-Other (e.g. other actions that would have been brought in state court	
✓ Check if this case involves a substantive issue of state law	if unrelated to bankruptcy case) ☐ Check if this is asserted to be a class action under FRCP 23	
☐ Check if a jury trial is demanded in complaint	Demand \$ Damages in an amount to be determined at trial	
Other Relief Sought Turnover of amounts due under note, avoidance of transfers to defendants, declaratory relief, punitive and exemplary damages, costs, attorneys' fees		

CaSas21.203006055;5DjoDdc46335-Ffided008027721 Elitetered008027721187129433 Plage/2 of 299

B1040 (FORM 1040) (12/15)

BANKRUPTCY CASE IN WHICH THIS ADVERSARY PROCEEDING ARISES			
NAME OF DEBTOR Highland Capital Management, L.P.		BANKRUPTCY CASE NO. 19-34054-sgj11	
DISTRICT IN WHICH CASE IS PENDING Northern District of Texas		DIVISION OFFICE Dallas	NAME OF JUDGE Stacey G. C. Jernigan
RELATED A	DVERSARY P	PROCEEDING (IF ANY)	
PLAINTIFF	DEFENDANT		ADVERSARY PROCEEDING NO.
DISTRICT IN WHICH ADVERSARY IS PENDIN	IG	DIVISION OFFICE	NAME OF JUDGE
SIGNATURE OF ATTORNEY (OR PLAINTIFF)			
DATE August 27, 2021		PRINT NAME OF ATTORNE Zachery Z. Annable	Y (OR PLAINTIFF)

INSTRUCTIONS

The filing of a bankruptcy case creates an "estate" under the jurisdiction of the bankruptcy court which consists of all of the property of the debtor, wherever that property is located. Because the bankruptcy estate is so extensive and the jurisdiction of the court so broad, there may be lawsuits over the property or property rights of the estate. There also may be lawsuits concerning the debtor's discharge. If such a lawsuit is filed in a bankruptcy court, it is called an adversary proceeding.

A party filing an adversary proceeding must also must complete and file Form 1040, the Adversary Proceeding Cover Sheet, unless the party files the adversary proceeding electronically through the court's Case Management/Electronic Case Filing system (CM/ECF). (CM/ECF captures the information on Form 1040 as part of the filing process.) When completed, the cover sheet summarizes basic information on the adversary proceeding. The clerk of court needs the information to process the adversary proceeding and prepare required statistical reports on court activity.

The cover sheet and the information contained on it do not replace or supplement the filing and service of pleadings or other papers as required by law, the Bankruptcy Rules, or the local rules of court. The cover sheet, which is largely self-explanatory, must be completed by the plaintiff's attorney (or by the plaintiff if the plaintiff is not represented by an attorney). A separate cover sheet must be submitted to the clerk for each complaint filed.

Plaintiffs and **Defendants.** Give the names of the plaintiffs and defendants exactly as they appear on the complaint.

Attorneys. Give the names and addresses of the attorneys, if known.

Party. Check the most appropriate box in the first column for the plaintiffs and the second column for the defendants.

Demand. Enter the dollar amount being demanded in the complaint.

Signature. This cover sheet must be signed by the attorney of record in the box on the second page of the form. If the plaintiff is represented by a law firm, a member of the firm must sign. If the plaintiff is pro se, that is, not represented by an attorney, the plaintiff must sign.

Davor Rukavina, Esq.
Texas Bar No. 24030781
Julian P. Vasek, Esq.
Texas Bar No. 24070790
MUNSCH HARDT KOPF & HARR, P.C.
500 N. Akard Street, Suite 3800
Dallas, Texas 75202-2790
Telephone: (214) 855-7500
Facsimile: (214) 978-4375

Counsel for Defendant NexPoint Advisors, L.P.

IN THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF TEXAS DALLAS DIVISION

Di IEEI IS DI	VIDICIA	
In re:	§	Case No. 19-34054-SGJ-11
HIGHLAND CAPITAL MANAGEMENT, L.P.,	§ §	Chapter 11
Debtor.	§ 8	
Dector:	8	
	Ş	
HIGHLAND CAPITAL MANAGEMENT, L.P.,	§	
	§	
Plaintiff.	§	
	8	
v.	§	
	8	Adversary No.: 21-03005-sgj
NEXPOINT ADVISORS, L.P., JAMES	§	,
DONDERO, NANCY DONDERO, AND	8	
	s e	
DUGABOY INVESTMENT TRUST,	8	
	§	
Defendants.	§	

DEFENDANT NEXPOINT ADVISORS, L.P.'S ANSWER TO AMENDED COMPLAINT

Defendant NexPoint Advisors, L.P. ("NexPoint"), a defendant in the above-styled and numbered adversary proceeding (the "Adversary Proceeding") filed by Highland Capital Management, L.P. (the "Plaintiff"), hereby files this Answer (the "Answer") responding to the Amended Complaint for (I) Breach of Contract and (II) Turnover of Property (III) Fraudulent Transfer, and (IV) Breach of Fiduciary Duty [Adv. Dkt. 73] (the "Amended Complaint"). Where an allegation in the Amended Complaint is not expressly admitted in this Answer, it is denied.

PRELIMINARY STATEMENT

- 1. The first sentence of paragraph 1 of the Amended Complaint sets forth the Plaintiff's objective in bringing the Amended Complaint and does not require a response. To the extent it contains factual allegations, they are denied. The second sentence contains a legal conclusion that does not require a response. To the extent it contains factual allegations, they are denied.
- 2. Defendant NexPoint admits that NPA's First Amended Answer speaks for itself.

 To the extent paragraph 2 contradicts the First Amended Answer, it is denied.
- 3. Defendant NexPoint denies the allegations in paragraph 3 of the Amended Complaint.
- 4. Paragraph 4 of the Amended Complaint sets forth the Plaintiff's objective in bringing the Amended Complaint and does not require a response. To the extent it contains factual allegations, they are denied.
- 5. Paragraph 5 of the Amended Complaint contains a summary of the relief the Plaintiff seeks and does not require a response. To the extent it contains factual allegations, they are denied.

JURISDICTION AND VENUE

- 6. Defendant NexPoint admits that this Adversary Proceeding relates to the Plaintiff's bankruptcy case but denies any implication that this fact confers Constitutional authority on the Bankruptcy Court to adjudicate this dispute. Any allegations in paragraph 6 not expressly admitted are denied.
- 7. Defendant NexPoint admits that the Court has statutory (but not Constitutional) jurisdiction to hear this Adversary Proceeding. Any allegations in paragraph 7 not expressly admitted are denied.

- 8. Defendant NexPoint denies the allegations contained in paragraph 8 of the Amended Complaint. Defendant NexPoint does not consent to any trial before, or final order entered by, the Bankruptcy Court. Defendant NexPoint demands a trial by jury of all issues so triable.
- 9. Defendant NexPoint admits the allegations in paragraph 9 of the Amended Complaint.

THE PARTIES

- 10. Defendant NexPoint admits the allegations in paragraph 10 of the Amended Complaint.
- 11. Defendant NexPoint admits the allegations in paragraph 11 of the Amended Complaint.
- 12. Defendant NexPoint admits the allegations in paragraph 12 of the Amended Complaint.
- 13. Defendant NexPoint lacks knowledge or information sufficient to form a belief about the truth of the allegations in paragraph 13 of the Amended Complaint and therefore denies the same.
- 14. Defendant NexPoint lacks knowledge or information sufficient to form a belief about the truth of the allegations in paragraph 14 of the Amended Complaint and therefore denies the same.

CASE BACKGROUND

- 15. Defendant NexPoint admits the allegations in paragraph 15 of the Amended Complaint.
- 16. Defendant NexPoint admits the allegations in paragraph 16 of the Amended Complaint.

- 17. Defendant NexPoint admits the allegations in paragraph 17 of the Amended Complaint.
- 18. Defendant NexPoint admits the allegations in paragraph 18 of the Amended Complaint.
- 19. Defendant NexPoint admits the allegations in paragraph 19 of the Amended Complaint.

STATEMENT OF FACTS

- 20. Defendant NexPoint admits that it has executed at least one promissory note under which the Debtor is a payee. Any allegations in paragraph 20 note expressly admitted are denied.
- 21. Defendant NexPoint admits the allegations in paragraph 21 of the Amended Complaint.
- 22. Defendant NexPoint denies paragraph 22 of the Complaint. The document speaks for itself and the quote set forth in paragraph 22 is not verbatim.
- 23. Defendant NexPoint admits the allegations in paragraph 23 of the Amended Complaint.
- 24. Defendant NexPoint denies paragraph 24 of the Complaint. The document speaks for itself and the quote set forth in paragraph 24 is not verbatim.
- 25. Defendant NexPoint admits the allegations in paragraph 25 of the Amended Complaint.
- 26. Defendant NexPoint admits that it did not make a payment under the Note on December 31, 2020. Defendant NexPoint denies that any payment was due under the Note on December 31, 2020. To the extent not expressly admitted, paragraph 26 of the Amended Complaint is denied.

- 27. Defendant NexPoint admits that Exhibit 2 to the Amended Complaint (the "<u>Demand Letter</u>") is a true and correct copy of what it purports to be and that the document speaks for itself. To the extent paragraph 27 of the Amended Complaint asserts a legal conclusion, no response is required, and it is denied. To the extent not expressly admitted, paragraph 27 of the Amended Complaint is denied.
- 28. Defendant NexPoint admits that it paid the Debtor \$1,406,111.92 on January 14, 2021, but denies that any payment was due on December 31, 2020 or that this was an attempt to cure a default. To the extent not expressly admitted, paragraph 28 of the Amended Complaint is denied.
- 29. Defendant NexPoint admits that Exhibit 3 to the Amended Complaint (the "Second Demand Letter") is a true and correct copy of what it purports to be and that the document speaks for itself. To the extent paragraph 29 of the Amended Complaint asserts a legal conclusion, no response is required, and it is denied. To the extent not expressly admitted, paragraph 29 of the Amended Complaint is denied.
- 30. To the extent paragraph 30 of the Amended Complaint asserts a legal conclusion, no response is necessary, and it is denied. The Defendant otherwise admits paragraph 30 of the Amended Complaint.
- 31. Defendant NexPoint lacks knowledge or information sufficient to form a belief about the truth of the allegations in paragraph 31 of the Amended Complaint and therefore denies the same.
- 32. Defendant NexPoint denies the allegations in paragraph 32 of the Amended Complaint.
- 33. Defendant NexPoint admits that the Debtor filed the Original Complaint in this action on January 22, 2021, as alleged in the first sentence of paragraph 33 of the Amended

Complaint. Defendant NexPoint denies it is liable for the relief requested in the Original Complaint. To the extent not expressly admitted, paragraph 33 of the Amended Complaint is denied.

- 34. Defendant NexPoint admits the allegations in paragraph 34 of the Amended Complaint.
- 35. Defendant NexPoint admits the allegations in paragraph 35 of the Amended Complaint.
- 36. Defendant NexPoint admits that NexPoint's First Amended Answer speaks for itself. To the extent paragraph 36 contradicts the First Amended Answer, it is denied.
- 37. Defendant NexPoint admits that NexPoint's First Amended Answer speaks for itself. To the extent paragraph 37 contradicts the First Amended Answer, it is denied.
- 38. Paragraph 38 of the Amended Complaint asserts a legal conclusion to which no answer is required. To the extent of any factual allegation, Defendant NexPoint admits that Mr. Dondero controlled NPA and denies that he controlled the Debtor at the time of the Alleged Agreement.
- 39. Defendant NexPoint lacks knowledge or information sufficient to form a belief about the truth of the allegations in paragraph 39 of the Amended Complaint and therefore denies the same.
- 40. Defendant NexPoint denies the allegations in paragraph 40 of the Amended Complaint.
- 41. Defendant NexPoint admits that Exhibit 4 to the Amended Complaint is a true and correct copy of what it purports to be and that the document speaks for itself. To the extent paragraph 41 of the Amended Complaint asserts a legal conclusion, no response is required, and

it is denied. To the extent not expressly admitted, paragraph 41 of the Amended Complaint is denied.

- 42. Paragraph 42 of the Amended Complaint states a legal conclusion that does not require a response and is therefore denied.
- 43. Paragraph 43 of the Amended Complaint states a legal conclusion that does not require a response and is therefore denied.

FIRST CLAIM FOR RELIEF (against NexPoint) (for Breach of Contract)

- 44. Paragraph 44 of the Amended Complaint is a sentence of incorporation that does not require a response. All prior responses are incorporated herein by reference.
- 45. Paragraph 45 of the Amended Complaint states a legal conclusion that does not require a response and is therefore denied. To the extent of any factual allegation, it is denied.
- 46. Paragraph 46 of the Amended Complaint states a legal conclusion that does not require a response and is therefore denied. To the extent of any factual allegation, it is denied.
- 47. Paragraph 47 of the Amended Complaint states a legal conclusion that does not require a response and is therefore denied. To the extent of any factual allegation, it is denied.
- 48. Paragraph 48 of the Amended Complaint states a legal conclusion that does not require a response and is therefore denied. To the extent of any factual allegation, it is denied.

SECOND CLAIM FOR RELIEF

(against NexPoint)
(Turnover by NexPoint Pursuant to 11 U.S.C. § 542(b))

49. Paragraph 49 of the Amended Complaint is a sentence of incorporation that does not require a response and is therefore denied. All prior responses are incorporated herein by reference.

- 50. Paragraph 50 of the Amended Complaint states a legal conclusion that does not require a response and is therefore denied. To the extent of any factual allegation, it is denied.
- 51. Paragraph 51 of the Amended Complaint states a legal conclusion that does not require a response and is therefore denied. To the extent of any factual allegation, it is denied.
- 52. Paragraph 52 of the Amended Complaint states a legal conclusion that does not require a response and is therefore denied. To the extent of any factual allegation, it is denied.
- 53. Paragraph 53 of the Amended Complaint states a legal conclusion that does not require a response and is therefore denied. Defendant NexPoint admits that the Plaintiff transmitted the Demand Letter and the Second Demand Letter, and those documents speak for themselves.
- 54. Paragraph 54 of the Amended Complaint states a legal conclusion that does not require a response and is therefore denied. To the extent of any factual allegation, it is denied.
- 55. Paragraph 55 of the Amended Complaint states a legal conclusion that does not require a response and is therefore denied. To the extent of any factual allegation, it is denied.

THIRD CLAIM FOR RELIEF

(Against NexPoint)

(Avoidance and Recovery of Actual Fraudulent Transfer under 11 U.S.C. §§ 548(a)(1)(A) and 550)

- 56. Paragraph 56 of the Amended Complaint is a sentence of incorporation that does not require a response. All prior responses are incorporated herein by reference.
- 57. Paragraph 57 of the Amended Complaint states a legal conclusion that does not require a response and is therefore denied.
- 58. Paragraph 58 of the Amended Complaint states a legal conclusion that does not require a response and is therefore denied. To the extent of any factual allegation, it is denied.

- 59. Paragraph 59 of the Amended Complaint states a legal conclusion that does not require a response and is therefore denied. To the extent of any factual allegation, it is denied.
- 60. Paragraph 60 of the Amended Complaint states a legal conclusion that does not require a response and is therefore denied. To the extent of any factual allegation, it is denied.
- 61. Paragraph 61 of the Amended Complaint states a legal conclusion that does not require a response and is therefore denied. To the extent of any factual allegation, it is denied.

FOURTH CLAIM FOR RELIEF

(Against NexPoint)

(Avoidance and Recovery of Actual Fraudulent Transfer Under 11 U.S.C. § 544(b) and 550, and Tex. Bus. & C. Code § 24.005(a)(1))

- 62. Paragraph 62 of the Amended Complaint is a sentence of incorporation that does not require a response. All prior responses are incorporated herein by reference.
- 63. Paragraph 63 of the Amended Complaint states a legal conclusion that does not require a response and is therefore denied.
- 64. Paragraph 64 of the Amended Complaint states a legal conclusion that does not require a response and is therefore denied. To the extent of any factual allegation, it is denied.
- 65. Paragraph 65 of the Amended Complaint states a legal conclusion that does not require a response and is therefore denied. To the extent of any factual allegation, it is denied.
- 66. Paragraph 66 of the Amended Complaint states a legal conclusion that does not require a response and is therefore denied. To the extent of any factual allegation, it is denied.

FIFTH CLAIM FOR RELIEF

(Against Dugaboy Investment Trust and Nancy Dondero) (For Declaratory Relief: -- 11 U.S.C. § 105(a) and Fed. R. Bankr. P. 7001)

67. Paragraph 67 of the Amended Complaint is a sentence of incorporation that does not require a response. All prior responses are incorporated herein by reference.

- 68. This claim is only asserted against Defendants Dugaboy Investment Trust and Nancy Dondero. Therefore, Defendant NexPoint is not required to respond to this claim.
- 69. This claim is only asserted against Defendants Dugaboy Investment Trust and Nancy Dondero. Therefore, Defendant NexPoint is not required to respond to this claim.
- 70. Paragraph 70 of the Amended Complaint states a legal conclusion that does not require a response and is therefore denied.

SIXTH CLAIM FOR RELIEF

(Against Dugaboy Investment Trust and Nancy Dondero)
(Breach of Fiduciary Duty)

- 71. Paragraph 71 of the Amended Complaint is a sentence of incorporation that does not require a response. All prior responses are incorporated herein by reference.
- 72. This claim is only asserted against Defendants Dugaboy Investment Trust and Nancy Dondero. Therefore, Defendant NexPoint is not required to respond to this claim.
- 73. This claim is only asserted against Defendants Dugaboy Investment Trust and Nancy Dondero. Therefore, Defendant NexPoint is not required to respond to this claim.
- 74. This claim is only asserted against Defendants Dugaboy Investment Trust and Nancy Dondero. Therefore, Defendant NexPoint is not required to respond to this claim.

SEVENTH CLAIM FOR RELIEF

(Against James Dondero and Nancy Dondero)
(Aiding and Abetting a Breach of Fiduciary Duty)

- 75. Paragraph 75 of the Amended Complaint is a sentence of incorporation that does not require a response. All prior responses are incorporated herein by reference.
- 76. This claim is only asserted against Defendants James Dondero and Nancy Dondero. Therefore, Defendant NexPoint is not required to respond to this claim.
- 77. This claim is only asserted against Defendants James Dondero and Nancy Dondero. Therefore, Defendant NexPoint is not required to respond to this claim.

- 78. This claim is only asserted against Defendants James Dondero and Nancy Dondero. Therefore, Defendant NexPoint is not required to respond to this claim.
- 79. This claim is only asserted against Defendants James Dondero and Nancy Dondero. Therefore, Defendant NexPoint is not required to respond to this claim.

Defendant NexPoint denies that the Plaintiff is entitled to the relief requested in the prayer, including as to parts (i), (ii), (iii), (iv), (v), (vi), (vii) and (iii) [sic].

AFFIRMATIVE DEFENSES

- 80. Pursuant to that certain Shared Services Agreement, the Plaintiff was responsible for making payments on behalf of the Defendant under the note. Any alleged default under the note was the result of the Plaintiff's own negligence, misconduct, breach of contract, etc.
- 81. Delay in the performance of a contract is excused when the party who seeks to enforce the contract caused the delay. It was therefore inappropriate for the Plaintiff to accelerate the note when the brief delay in payment was the Plaintiff's own fault.
- 82. Furthermore, the Plaintiff has waived the right to accelerate the note and /or the Plaintiff is estopped to enforce the alleged acceleration by accepting payment after the same.
- 83. Furthermore, the Plaintiff's claims are barred in whole or in part because, prior to any alleged breach or acceleration, the Plaintiff agreed that it would not collect on the note upon fulfilment of certain conditions subsequent. Specifically, sometime between December of the year in which each Note was made and February of the following year, Defendant Nancy Dondero, as representative for a majority of the Class A shareholders of Plaintiff agreed that Plaintiff would forgive the Notes if certain portfolio companies were sold for greater than cost or on a basis outside of Defendant James Dondero's control. This agreement setting forth the conditions subsequent to demands for payment on the Notes was an oral agreement; however, Defendant NexPoint believes there may be testimony or email correspondence that discusses the

existence of this agreement that may be uncovered through discovery in this Adversary Proceeding.

- 84. Defendant NexPoint asserts that any fraudulent transfer claim is barred because NexPoint acted in good faith, without knowledge of any alleged avoidability, and because reasonably equivalent value was provided for any alleged transfer or obligation.
- 85. Defendant NexPoint asserts that any fraudulent transfer claim is barred because no transferor or transferee, or obligor or obligee, was insolvent.
- 86. To the extent of any avoidance, NexPoint asserts a lien under 11 U.S.C. § 548(c) to the extent that NexPoint gave value, and a similar preference lien under any applicable provision of the Texas Uniform Fraudulent Transfer Act.

JURY DEMAND

- 87. Defendant NexPoint demands a trial by jury of all issues so triable pursuant to Rule 38 of the Federal Rules of Civil Procedure and Rule 9015 of the Federal Rules of Bankruptcy Procedure.
- 88. Defendant NexPoint does <u>not</u> consent to the Bankruptcy Court conducting a jury trial and therefore demands a jury trial in the District Court.

<u>PRAYER</u>

WHEREFORE, PREMISES CONSIDERED, Defendant NexPoint respectfully requests that, following a trial on the merits, the Court enter a judgment that the Plaintiff take nothing on the Amended Complaint and provide Defendant NexPoint such other relief to which it is entitled.

RESPECTFULLY SUBMITTED this 1st day of September, 2021.

MUNSCH HARDT KOPF & HARR, P.C.

By: /s/ Davor Rukavina

Davor Rukavina, Esq. Texas Bar No. 24030781 Julian P. Vasek, Esq. Texas Bar No. 24070790 3800 Ross Tower 500 N. Akard Street Dallas, Texas 75201-6659

Telephone: (214) 855-7500 Facsimile: (214) 855-7584

Email: drukavina@munsch.com

COUNSEL FOR NEXPOINT ADVISORS, L.P.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that, on September 1, 2021, a true and correct copy of this document was served via the Court's CM/ECF system on counsel for the Plaintiff.

> /s/ Davor Rukavina Davor Rukavina

Davor Rukavina Julian P. Vasek MUNSCH HARDT KOPF & HARR, P.C. 500 N. Akard Street, Suite 3800 Dallas, Texas 75202-2790 (214) 855-7500 telephone (214) 978-4375 facsimile Email: drukavina@munsch.com

ATTORNEYS FOR NEXPOINT ADVISORS, L.P.

IN THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF TEXAS DALLAS DIVISION

In re:	- §	
	§	Chapter 11
HIGHLAND CAPITAL MANAGEMENT, L.P.,	§	
	§	Case No. 19-34054-sgj11
Debtor.	§	
	§	
HIGHLAND CAPITAL MANAGEMENT, L.P.,	§	
	§	
Plaintiff,	§	Adversary Proceeding No.
	§	
VS.	§	21-03005-sgj
	§	
NEXPOINT ADVISORS, L.P., JAMES	§	
DONDERO, NANCY DONDERO, AND THE	§	
DUGABOY INVESTMENT TRUST,	§	
	§	
Defendants.	§	

MOTION OF DEFENDANT NEXPOINT ADVISORS, L.P. TO EXTEND EXPERT DISCLOSURE AND DISCOVERY DEADLINES

TO THE HONORABLE STACEY G.C. JERNIGAN, U.S. BANKRUPTCY JUDGE:

COMES NOW NexPoint Advisors, L.P. ("NexPoint"), one of the defendants in the above styled and numbered Adversary Proceeding initiated by Highland Capital Management, L.P. as the plaintiff (the "Debtor"), and files this its *Motion to Extend Expert Disclosure and Discovery Deadlines* (the "Motion"), respectfully stating as follows:

I. <u>RELIEF REQUESTED</u>

1. By this Motion, NexPoint requests that the Court extend the deadline, in its *Order Approving Stipulation and Agreed Order Governing Discovery and Other Pre-Trial Issues* [docket no. 70] (the "Scheduling Order"), for the designation of experts and service of expert reports, through December 13, 2021, with a corresponding extension of expert discovery. Specifically, NexPoint finds it appropriate and advisable to designate a testifying expert on the standards and duties of care under the parties' Shared Services Agreement (defined below) with respect to Highland's role in NexPoint's alleged failure to make a December 21, 2020 payment on the Note (defined below); specifically, that Highland was responsible for ensuring that NexPoint made this payment. This request is necessitated by recent deposition testimony of key individuals on October 19 and 21, 2021, prior to which NexPoint did not know or reasonably believe that expert testimony on the duties of care would be advisable.

II. PROCEDURAL BACKGROUND

- 2. The Debtor initiated this Adversary Proceeding with the filing of its original complaint against NexPoint on January 22, 2021.
- 3. By this Adversary Proceeding, the Debtor seeks to collect on a promissory note issued by NexPoint to the Debtor on May 31, 2017 in the original principal amount of \$30,746,812.33 (the "Note"). The Note is a 30-year note and provides for an annual payment of principal and interest. After prior payments, the Debtor asserts that \$23,071,195.03 remains due and owing on the Note.
- 4. NexPoint has asserted various defenses and affirmative defenses to the Debtor's allegations and causes of action. This Motion concerns one such affirmative defense only, to the effect that the Debtor, through its employees, caused the alleged underlying default.

5. On July 28, 2021, the District Court entered an order adopting this Court's report and recommendation and ordering that the reference for this Adversary Proceeding will be withdrawn once this Court certifies this Adversary Proceeding as being trial ready. As part of the same, the District Court necessarily agreed and ordered that NexPoint has a right to a trial by jury of this Adversary Proceeding.

III. FACTS

- 6. This Motion is supported by the Declaration of Davor Rukavina, attached hereto as incorporated herein (the "Declaration").
- 7. The Debtor alleges that the Note required NexPoint to make a payment of principal and interest on December 31, 2020, and that NexPoint failed to make this payment. Thus, in January, 2021, the Debtor sent notice that the Note had been accelerated, and the Debtor demanded full and immediate payment.
- 8. One of NexPoint's affirmative defenses in this Adversary Proceeding concerns that certain *Amended and Restated Shared Services Agreement* (the "Shared Services Agreement") between the Debtor and NexPoint dated January 1, 2018. The Agreement was in place as of December 31, 2020, although the Debtor terminated it later, in 2021. Under the Agreement, the Debtor provided various services to NexPoint, including so-called "back office" services, including treasury, accounting, and payables services. NexPoint has alleged that, pursuant to the Shared Services Agreement, the Debtor was responsible for ensuring that NexPoint made the allegedly required December 31, 2020 payment, although such payment would be made from NexPoint's funds. Indeed, Waterhouse (defined below) testified that it was "reasonable for NexPoint to rely on the debtors' employees to inform NexPoint of an upcoming payment due on the \$30 million promissory note." *See* Declaration at Exhibit C, 337:22-338:8.

9. NexPoint asserts that the Debtor failed to do so and, therefore, caused the alleged

default, which it now seeks to exploit, and that, but for the Debtor's negligence, the Note would

remain in place. NexPoint has always asserted this as an affirmative defense. See Docket No. 6.

NexPoint's defense, however, was based on its belief that the Debtor and its employees, including

Waterhouse, did nothing to facilitate or ensure the payment, as opposed to a conscious decision

not to make the payment.

10. On October 19, 2021, the Debtor deposed Frank Waterhouse ("Waterhouse"), as

did NexPoint, in connection with this Adversary Proceeding. Waterhouse was the Debtor's chief

financial officer in December, 2020, and either the treasurer or chief financial officer (either way

an officer) of NexPoint in December, 2020. To be clear, Waterhouse was the Debtor's employee,

although he provided services to NexPoint as well pursuant to the Shared Services Agreement.

Among other things, at this deposition, Waterhouse testified that, in early December, 2020, James

Dondero ("Dondero"), who at that time controlled NexPoint but did not control the Debtor,

instructed Waterhouse not to cause NexPoint to pay any more funds to the Debtor, including,

expressly on the Note.

11. This changed the potential facts as NexPoint understood them to be from ones

where the Debtor simply failed utterly to facilitate the payment, as it has always done, to one where

the Debtor intentionally, allegedly upon the instructions of Dondero, decided not to facilitate the

payment. Assuming the Dondero instruction to be true, this raises the question of whether the

Debtor thereafter had any affirmative duty with respect to the alleged instruction.

12. NexPoint did not know that Waterhouse would provide this testimony. NexPoint

understood that Dondero instructed Waterhouse to make no further payments on the Shared

Services Agreement, because Dondero believed that NexPoint had overpaid by millions of dollars

MOTION OF DEFENDANT NEXPOINT ADVISORS, L.P. TO EXTEND EXPERT DISCLOSURE AND DISCOVERY DEADLINES—Page 4 $\,$

APP 092

CaSa 24-213035055j stojo D 1486 Filled 101/125/22 Eintterred 101/125/22 173:223:318 Parge 595 fo 1 899

on the Shared Services Agreement. But NexPoint did not understand that Waterhouse would

testify that Dondero instructed him also not to pay the Note.

13. If Dondero told Waterhouse in early December, 2020 not to pay on the Note, then

the question becomes whether Waterhouse or the Debtor thereafter "put their heads in the sand"

in violation of any affirmative duty or obligation they may have had regarding the matter, such as:

to ask Dondero whether they correctly understood him; to ask Dondero whether he meant

NexPoint and the Note; to inform Dondero of the potential consequences of a default by potentially

accelerating a 30-year promissory note; or to try to dissuade him from his decision. After all, the

Debtor was responsible to facilitate the payment, the Debtor had various duties under the Shared

Services Agreement, and it was in the Debtor's interest that NexPoint would default, thus creating

a conflict of interest.

14. Accordingly, on October 19, 2021, when NexPoint deposed James Seery, NexPoint

asked Mr. Seery about section 6.01 of the Shared Services Agreement, labeled "standard of care,"

which provides that the Debtor and Waterhouse "shall discharge its duties under this Agreement

with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent

person acting in a like capacity and familiar with like aims." Mr. Seery testified that he did not

believe that this provision of the Shared Services Agreement obligated the Debtor or Waterhouse

to do anything further after Dondero allegedly instructed Waterhouse not to pay on the Note.

15. At that time, NexPoint determined that it was appropriate, and would assist the

finder of fact, to retain an expert on the "standard of care" provided for in the Shared Services

Agreement. This is especially important because this will be a jury trial in the District Court.

NexPoint did not believe that it would need to retain such an expert, and it had no reasonable

grounds to suspect that it would need such an expert, prior to these depositions.

MOTION OF DEFENDANT NEXPOINT ADVISORS, L.P. TO EXTEND EXPERT DISCLOSURE AND DISCOVERY DEADLINES—Page 5

16. NexPoint moved as promptly as it could thereafter. NexPoint decided to retain an expert on October 22, 2021 and began searching for one on that day. NexPoint located a potential expert, Steven J. Pully, on October 26, 2021, and after conflicts were cleared and terms agreed to, Mr. Pully agreed to serve as NexPoint's expert on October 28, 2021. NexPoint files this motion just one day later, and less than two weeks after Waterhouse's deposition triggered the issue.

17. It goes without saying that neither Pully nor any reasonable expert can possibly review the issues, formulate an opinion, and prepare a report one day after they are retained. Among other things, Pully needs to review all underlying documents and deposition transcripts, some of which have yet to be returned by the court reporters. Accordingly, NexPoint believes that approximately six (6) weeks will be sufficient for Pully to prepare a report. NexPoint submits that the Debtor should have a period of time to then designate a potential rebuttal expert, and a period of time for expert discovery. Such a procedure would be fair for all involved and would constitute a minimal delay to what has already been a rapidly advanced case.

IV. ARGUMENT AND AUTHORITIES

- 18. It is appropriate for an expert to consider the issue of Waterhouse's and the Debtor's duties under the Shared Services Agreement—*i.e.*, "duties under this Agreement with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with like aims,"—as issues such as "prudent person" and "like capacity and familiar with like aims" are appropriate for expert analysis and will assist the finder of fact, especially a jury.
- 19. Rule 16(b) provides that a deadline in a scheduling order may be modified "for good cause," although there is some uncertainty as to whether this standard applies only after a deadline has passed (which is not the case here). *See* Fed. R. Civ. P. 16(b)(4); *Marathon Fin. Ins.*

Inc. RRG v. Ford Motor Co., 591 F.3d 458, 470 (5th Cir. 2009) ("Federal Rule of Civil Procedure 16(b) governs amendment of pleadings after a scheduling order's deadline to amend has expired").

- 20. When the issue concerns an "untimely submission of expert reports," the Fifth Circuit has specified the following for factors as guiding the decision: "(1) the explanation for the failure to timely move for leave to amend; (2) the importance of the amendment; (3) potential prejudice in allowing the amendment; and (4) the availability of a continuance to cure such prejudice." *S&W Enters. v. Southtrust Bank of Ala.*, 315 F.3d 533, 536 (5th Cir. 2003). Again, this test applies to a deadline which has already expired. Logically, therefore, a lesser standard should apply when a party seeks relief prior to the expiration of a deadline, as NexPoint does here.
 - 21. Applying these or any factors:
 - (i) this Adversary Proceeding is only some nine (9) months old and the parties have moved very quickly, with all discovery almost over;
 - (ii) if this Motion is granted, all discovery in this Adversary Proceeding will have been completed by the end of 2021, still less than one (1) year after filing;
 - (iii) the reason for the need to extend the deadline is the most logical reason that most frequently appears—that discovery has necessitated some previously unexpected action—which is one of the purposes of discovery;
 - (iv) NexPoint's failure to previously designate an expert was due solely to not having the benefit of Waterhouse's and Seery's recent deposition testimony, and is not the result of any delay or lack of diligence, as evidenced by the fact that NexPoint did already and timely designate two other experts on other issues (*i.e.* NexPoint did not sit on its responsibility to consider retaining experts);
 - (v) the matter is important because the duties of care as specified in the Shared Services Agreement are terms of art necessitating an expert analysis, especially before a jury, and the matter goes to the heart of NexPoint's affirmative defense, and is necessitated by Waterhouse's testimony and not any prior action or inaction of NexPoint;
 - (vi) there is no prejudice to the Debtor, which will have sufficient time to retain a rebuttal expert and take expert discovery (*i.e.* no witnesses or documents have been lost); and

- (vii) a continuance is easily available to avoid any prejudice to the Debtor—indeed, there is no need for a continuance even as the Adversary Proceeding has yet to be certified as trial ready and it is likely that the District Court will not schedule the Adversary Proceeding for trial for some time.
- 22. NexPoint submits that this Motion cannot come as a surprise to the Debtor. NexPoint has asserted its affirmative defense since the beginning. The only difference now is that, instead of a wholesale disregard of any duty to facilitate the Note payment, the issue has evolved to whether the Debtor or Waterhouse had any affirmative duty to act after the alleged instruction from Dondero. As it can be presumed that Waterhouse previously informed the Debtor or its counsel of this alleged instruction (as he apparently informed other employees at the Debtor), the Debtor likely knew what Waterhouse's testimony would be well before NexPoint learned of that testimony. It is reasonable to conclude that the Debtor knew or should have known that the "standard of care" under the Shared Services Agreement would then become a material issue.
- 23. Accordingly, "good cause" to amend the Scheduling Order exists, if that higher standard even applies, and approving such amendment will not prejudice the Debtor and will instead serve the interests of justice.

V. PRAYER

WHEREFORE, PREMISES CONSIDERED, NexPoint respectfully requests that the Court enter an order: (i) granting this Motion; (ii) modifying the Scheduling Order to extend the deadline to designate experts and serve expert reports through December 13, 2021; (iii) modifying the Scheduling Order accordingly for the potential designation of rebuttal experts and service of rebuttal expert reports, and extending expert discovery; and (iv) granting NexPoint such other and further relief as may be proper.

RESPECTFULLY SUBMITTED this 29th day of October, 2021.

MUNSCH HARDT KOPF & HARR, P.C.

By: /s/ Davor Rukavina

Davor Rukavina

State Bar No. 24030781

Julian P. Vasek.

State Bar No. 24070790

500 N. Akard Street, Suite 3800

Dallas, Texas 75202-2790

Telephone: (214) 855-7500 Facsimile: (214) 978-4375

Email: drukavina@munsch.com

Email: jvasek@munsch.com

ATTORNEYS FOR NEXPOINT ADVISORS, L.P.

CERTIFICATE OF CONFERENCE

The undersigned hereby certifies that, on October 28, 2021, he conferred with counsel for the Debtor, John Morris, and the Debtor opposes the relief requested herein.

/s/ Davor Rukavina

Davor Rukavina

CERTIFICATE OF SERVICE

The undersigned hereby certifies that, on October 29, 2021, a true and correct copy of the foregoing document, including the exhibit thereto, was served on the following recipients via the Court's CM/ECF system:

Zachery Z. Annable on behalf of Plaintiff Highland Capital Management, L.P. zannable@havwardfirm.com

Bryan C. Assink on behalf of Defendant James Dondero bryan.assink@bondsellis.com

Greta M. Brouphy on behalf of Defendant The Dugaboy Investment Trust gbrouphy@hellerdraper.com, dhepting@hellerdraper.com;vgamble@hellerdraper.com

Leslie A. Collins on behalf of Defendant The Dugaboy Investment Trust lcollins@hellerdraper.com

Deborah Rose Deitsch-Perez on behalf of Defendant James Dondero deborah.deitschperez@stinson.com, patricia.tomasky@stinson.com;kinga.mccoy@stinson.com

Deborah Rose Deitsch-Perez on behalf of Defendant Nancy Dondero deborah.deitschperez@stinson.com, patricia.tomasky@stinson.com;kinga.mccoy@stinson.com

Douglas S. Draper on behalf of Defendant The Dugaboy Investment Trust ddraper@hellerdraper.com, dhepting@hellerdraper.com;ygamble@hellerdraper.com;mlandis@hellerdraper.com;gbrouphy@hellerdraper.com

Melissa S. Hayward on behalf of Plaintiff Highland Capital Management, L.P. MHayward@HaywardFirm.com, mholmes@HaywardFirm.com

Juliana Hoffman on behalf of Creditor Committee Official Committee of Unsecured Creditors jhoffman@sidley.com, txefilingnotice@sidley.com;julianna-hoffman-8287@ecf.pacerpro.com

Paige Holden Montgomery on behalf of Creditor Committee Official Committee of Unsecured Creditors pmontgomery@sidley.com, txefilingnotice@sidley.com;paige-montgomery-7756@ecf.pacerpro.com;crognes@sidley.com;ebromagen@sidley.com;efilingnotice@sidley.com

> /s/ Davor Rukavina Davor Rukavina

IN THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF TEXAS DALLAS DIVISION

In re:	§	
	§	Chapter 11
HIGHLAND CAPITAL MANAGEMENT, L.P.,	§	
	§	Case No. 19-34054-sgj11
Debtor.	§	
	§	
HIGHLAND CAPITAL MANAGEMENT, L.P.,	§	
	§	
Plaintiff,	§	Adversary Proceeding No.
	§	
VS.	§	21-03005-sgj
	§	
NEXPOINT ADVISORS, L.P., JAMES	§	
DONDERO, NANCY DONDERO, AND THE	§	
DUGABOY INVESTMENT TRUST,	§	
	§	
Defendants.	§	

DECLARATION OF DAVOR RUKAVINA

STATE OF TEXAS

COUNTY OF DALLAS

- I, Davor Rukavina, hereby state and testify to the following as being true and correct and under penalty of perjury pursuant to the laws of the United States of America:
- 1. My name is Davor Rukavina. I am over the age of 21, have never been convicted of a felony or crime of moral turpitude, and am otherwise competent to execute this Declaration.
- 2. I am an attorney duly licensed to practice law in the State of Texas. I am a shareholder at Munsch Hardt Kopf & Harr, P.C. I am the lead attorney for NexPoint Advisors, L.P. ("NexPoint"), one of the defendants in this Adversary Proceeding.
- 3. At issue in this Adversary Proceeding is a 30-year promissory note executed by NexPoint in the original principal amount of \$30,746,812.33 (the "Note"), although the Note had been paid down significantly by the time of the filing of this Adversary Proceeding.

- 4. Highland Capital Management, L.P. (the "<u>Debtor</u>") alleges that the Note required NexPoint to make a payment of principal and interest on December 31, 2020, and that NexPoint failed to make this payment. Thus, in January, 2021, the Debtor sent notice that the Note had been accelerated and the Debtor demanded full and immediate payment.
- 5. The parties agreed by written stipulation that they would disclose experts and produce expert reports on or before October 29, 2021, and the Court's scheduling order so requires. NexPoint requests an extension of this deadline. The following is the reason why.
- 6. One of NexPoint's affirmative defenses in this Adversary Proceeding concerns that certain Amended and Restated Shared Services Agreement (the "Agreement") between the Debtor and NexPoint dated January 1, 2018, a copy of which is attached hereto as Exhibit "A." The Agreement was in place as of December 31, 2020, although the Debtor terminated it later in 2021. NexPoint alleges that, under the Agreement, the Debtor provided various services to NexPoint, including so-called "back office" services, including treasury, accounting, and payables services. NexPoint has alleged that, pursuant to the Agreement, the Debtor was responsible for ensuring that NexPoint made the allegedly required December 31, 2020 payment, although such payment would be made from NexPoint's funds. NexPoint therefore asserts that the Debtor failed to do so and, therefore, caused the alleged default, which it now seeks to exploit, and that, but for the Debtor's negligence, the Note would remain in place.
- 7. The foregoing has always been an affirmative defense of NexPoint in this Adversary Proceeding, including in its amended answer filed on September 1, 2021, a copy of which is attached hereto as Exhibit "B."
- 8. On October 19, 2021, the Debtor deposed Frank Waterhouse ("<u>Waterhouse</u>"), as did I, in connection with this Adversary Proceeding. Waterhouse was the Debtor's chief financial

officer in December, 2020, and either the treasurer or chief financial officer (either way an officer) of NexPoint in December, 2020.

- 9. Among other things, at this deposition, Waterhouse testified that, in early December, 2020, James Dondero ("<u>Dondero</u>"), who at that time controlled NexPoint but did not control the Debtor, instructed Waterhouse not to cause NexPoint to pay any more funds to the Debtor, including, expressly on the Note. A copy of this deposition transcript is attached as Exhibit "C."
- 10. This testimony was not expected by me or by NexPoint. I had understood that Dondero instructed Waterhouse to make no further payments on the Agreement, because Dondero believed that NexPoint had overpaid by millions of dollars on the Agreement and because that was what Dondero and Waterhouse had been discussing. I had not understood that Waterhouse would testify that Dondero instructed him to also not pay the Note specifically.
- 11. Prior to that deposition, I had never spoken to Waterhouse. Waterhouse presently serves as an officer of NexPoint; however, and unlike every other case I have been involved with, I have not been permitted to discuss with Waterhouse litigation matters. This is because Waterhouse is in litigation with the Debtor on other matters and has separate and independent counsel, Debra Dandeneau and Frances Smith, who would not permit me to speak directly to Waterhouse, which I understood to be a logical and appropriate instruction to protect their client. I did discuss with Ms. Dandeneau what Waterhouse may know about the litigation between the Debtor and my clients, but that primarily focused on defenses that another client of mine, Highland Capital Management Fund Advisors, L.P., has. And I did discuss with Ms. Dandeneau that Dondero told Waterhouse to not make payments, but I understood that to be limited to the Agreement and to not include the Note, since the topic under discussion (as it was told to me)

between Dondero and Waterhouse was the Agreement and overpayments on the Agreement, and not the Note.

- 12. In sum, prior to October 19, 2021, I did not know that Waterhouse would testify that Dondero told him to not pay on the Note, and I had no reasonable reason to suspect the same. My surprise is evident from the transcript of that deposition, where I asked Waterhouse multiple times whether he was sure that Dondero told him this—so much so that opposing counsel objected multiple times as "asked and answered," and even objected as having been asked and answered "four time." Exhibit "C" at 390-392.
- 13. Assuming that Waterhouse's testimony on this issue will be accepted by a trier of fact, the question is whether, from NexPoint's perspective, Waterhouse had no further duties to review, confirm, investigate, or to discuss the issue with Dondero. In that respect, section 6.01 of the Agreement, labeled "standard of care," states that the Debtor and Waterhouse "shall discharge its duties under this Agreement with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims."
- 14. I deposed Jim Seery on October 21, 2021, and asked him various questions about this provision of the Agreement. Mr. Seery testified to the effect that he did not believe that the Agreement obligated the Debtor or Waterhouse to do anything further after Dondero told Waterhouse to not pay the Note (again, assuming that this was true). I do not have a copy of Mr. Seer's deposition yet.
- 15. With Mr. Seery testifying that he did not believe that the Agreement required the Debtor or Waterhouse to do anything further if Dondero in fact gave the instruction Waterhouse testified that he did, NexPoint concluded that it needed to retain an expert to review whether the "standard of care" specified in the Agreement compelled the Debtor or Waterhouse to do anything

further after Dondero gave the alleged instruction, such as checking with him to see if they understood him correctly, advising him of the potential serious consequences of a default, trying to dissuade him, or at least asking him once again prior to December 31, 2020 whether the payment should be made.

- 16. On October 22, 2021, I began searching for a potential expert. On October 26, 2021, I contacted Steven J. Pully about the potential engagement. After clearing conflicts and coming to an agreement, Mr. Pully agreed to the engagement on October 28, 2021. The engagement letter has yet to be finalized and executed, but I have every confidence that it will and the urgency of the matter necessitates this Declaration at this time. I have been extremely diligent in searching for an finding an expert once NexPoint determined that the retention of an expert was appropriate, which did not occur until the Seery deposition on October 21, 2021.
- 17. Even though NexPoint has retained Mr. Pully as of October 28, 2021, it is not possible for Mr. Pully to formulate an opinion and prepare a report by October 29, 2021. Among other things, various deposition transcripts of important witnesses have yet to be received and reviewed by Mr. Pully, and Mr. Pully has yet to review the underlying documents. Assuming no undue delays with respect to deposition transcripts, Mr. Pully should be able to prepare a report by December 13, 2021.
- 18. NexPoint therefore seeks an extension of the expert designation and report deadline through December 13, 2021, in order that justice may be done and not for delay or any improper purpose, NexPoint not having designated an expert before due solely to the lack of knowledge that Waterhouse would testify as he did on October 19, 2021 and that Mr. Seery would testify as to his view that the Agreement did not require Waterhouse to do anything thereafter.

I hereby swear under oath and penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief. Casca24-23:00330-65j:s2pj cD104:86-EiFeite 611/05/2021 Enterted 611/05/20218:18:24:338 Patrony 4:066 of f68:99



AMENDED AND RESTATED SHARED SERVICES AGREEMENT

This Amended and Restated Shared Services Agreement (as amended, modified, waived, supplemented or restated from time to time in accordance with the terms hereof, this "Agreement"), dated effective as of January 1, 2018, is entered into by and between NexPoint Advisors, L.P., a Delaware limited partnership, as the management company hereunder (in such capacity, the "Management Company"), and Highland Capital Management, L.P., a Delaware limited partnership ("Highland"), as the staff and services provider hereunder (in such capacity, the "Staff and Services Provider" and together with the Management Company, the "Parties").

RECITALS

WHEREAS, the Staff and Services Provider is a registered investment adviser under the Investment Advisers Act of 1940, as amended (the "Advisers Act");

WHEREAS, the Staff and Services Provider and the Management Company are engaged in the business of providing investment management services;

WHEREAS, the Parties entered into that certain Shared Services Agreement, dated effective as of January 1, 2013 (the "Original Agreement");

WHEREAS, the Parties desire to amend and restated the Original Agreement and the Staff and Services Provider is hereby being retained to provide certain back- and middle-office services and administrative, infrastructure and other services to assist the Management Company in conducting its business, and the Staff and Services Provider is willing to make such services available to the Management Company, in each case, on the terms and conditions hereof;

WHEREAS, the Management Company may employ certain individuals to perform portfolio selection and asset management functions for the Management Company, and certain of these individuals may also be employed simultaneously by the Staff and Services Provider during their employment with the Management Company; and

WHEREAS, each Person employed by both the Management Company and the Staff and Services Provider as described above (each, a "Shared Employee"), if any, is and shall be identified on the books and records of each of the Management Company and the Staff and Services Provider (as amended, modified, supplemented or restated from time to time).

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree, and the Original Agreement is hereby amended, restated and replaced in its entirety as follows.

ARTICLE I

DEFINITIONS

Section 1.01 <u>Certain Defined Terms</u>. As used in this Agreement, the following terms shall have the following meanings:



"Affiliate" shall mean with respect to a Person, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with the first Person. The term "control" means (i) the legal or beneficial ownership of securities representing a majority of the voting power of any person or (ii) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a person, whether by contract or otherwise.

"Applicable Asset Criteria and Concentrations" means any applicable eligibility criteria, portfolio concentration limits and other similar criteria or limits which the Management Company instructs in writing to the Staff and Services Provider in respect of the Portfolio or one or more Accounts, as such criteria or limits may be modified, amended or supplemented from time to time in writing by the Management Company;

"Applicable Law" shall mean, with respect to any Person or property of such Person, any action, code, consent decree, constitution, decree, directive, enactment, finding, guideline, law, injunction, interpretation, judgment, order, ordinance, policy statement, proclamation, formal guidance, promulgation, regulation, requirement, rule, rule of law, rule of public policy, settlement agreement, statute, writ, or any particular section, part or provision thereof of any Governmental Authority to which the Person in question is subject or by which it or any of its property is bound.

"Client or Account" shall mean any fund, client or account advised by the Management Company, as applicable.

"Covered Person" shall mean the Staff and Services Provider, any of its Affiliates, and any of their respective managers, members, principals, partners, directors, officers, shareholders, employees and agents (but shall not include the Management Company, its subsidiaries or member(s) and any managers, members, principals, partners, directors, officers, shareholders, employees and agents of the Management Company or its subsidiaries or member(s) (in their capacity as such)).

"Governmental Authority" shall mean (i) any government or quasi-governmental authority or political subdivision thereof, whether national, state, county, municipal or regional, whether U.S. or non-U.S.; (ii) any agency, regulator, arbitrator, board, body, branch, bureau, commission, corporation, department, master, mediator, panel, referee, system or instrumentality of any such government, political subdivision or other government or quasi-government entity, whether non-U.S. or U.S.; and (iii) any court, whether U.S. or non-U.S.

"Indebtedness" shall mean: (a) all indebtedness for borrowed money and all other obligations, contingent or otherwise, with respect to surety bonds, guarantees of borrowed money, letters of credit and bankers' acceptances whether or not matured, and hedges and other derivative contracts and financial instruments; (b) all obligations evidenced by notes, bonds, debentures, or similar instruments, or incurred under bank guaranty or letter of credit facilities or credit agreements; (c) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to any property of the Management Company or any subsidiary; (d) all capital lease obligations; (e) all indebtedness guaranteed by such Person or any of its subsidiaries; and (f) all indebtedness guaranteed by such Person or any of its subsidiaries.

"Operating Guidelines" means any operating guidelines attached to any portfolio management agreement, investment management agreement or similar agreement entered into between the Management Company and a Client or Account.

"Portfolio" means the portfolio of securities and other assets, including without limitation, financial instruments, equity investments, collateral loan obligations, debt securities, preferred return notes and other similar obligations held directly or indirectly by, or on behalf of, Clients and Accounts from time to time;

"Securities Act" shall mean the Securities Act of 1933, as amended.

Section 1.02 <u>Interpretation</u>. The following rules apply to the use of defined terms and the interpretation of this Agreement: (i) the singular includes the plural and the plural includes the singular; (ii) "or" is not exclusive (unless preceded by "either") and "include" and "including" are not limiting; (iii) unless the context otherwise requires, references to agreements shall be deemed to mean and include such agreements as the same may be amended, supplemented, waived and otherwise modified from time to time; (iv) a reference to a law includes any amendment or modification to such law and any rules or regulations issued thereunder or any law enacted in substitution or replacement therefor; (v) a reference to a Person includes its successors and assigns; (vi) a reference to a Section without further reference is to the relevant Section of this Agreement; (vii) the headings of the Sections and subsections are for convenience and shall not affect the meaning of this Agreement; (viii) "writing", "written" and comparable terms refer to printing, typing, lithography and other shall mean of reproducing words in a visible form (including telefacsimile and electronic mail); (ix) "hereof", "herein", "hereunder" and comparable terms refer to the entire instrument in which such terms are used and not to any particular article, section or other subdivision thereof or attachment thereto; and (x) references to any gender include any other gender, masculine, feminine or neuter, as the context requires.

ARTICLE II

SERVICES

Section 2.01 General Authority. Highland is hereby appointed as Staff and Services Provider for the purpose of providing such services and assistance as the Management Company may request from time to time to, and if applicable, to make available the Shared Employees to, the Management Company in accordance with and subject to the provisions of this Agreement and the Staff and Services Provider hereby accepts such appointment. The Staff and Services Provider hereby agrees to such engagement during the term hereof and to render the services described herein for the compensation provided herein, subject to the limitations contained herein.

Section 2.02 <u>Provision of Services</u>. Without limiting the generality of Section 2.01 and subject to Section 2.04 (Applicable Asset Criteria and Concentrations) below, the Staff and Services Provider hereby agrees, from the date hereof, to provide the following back- and middle-office services and administrative, infrastructure and other services to the Management Company.

(a) Back- and Middle-Office: Assistance and advice with respect to back- and middle-office functions including, but not limited to, investment research, trade desk services,

including trade execution and settlement, finance and accounting, payments, operations, book keeping, cash management, cash forecasting, accounts payable, accounts receivable, expense reimbursement, vendor management, and information technology (including, without limitation, general support and maintenance (OMS, development, support), telecom (cellphones, telephones and broadband) and WSO);

- (b) Legal/Compliance/Risk Analysis. Assistance and advice with respect to legal issues, litigation support, management of outside counsel, compliance support and implementation and general risk analysis;
- (c) Tax. Assistance and advice with respect to tax audit support, tax planning and tax preparation and filing.
- (d) Management of Clients and Accounts. Assistance and advice with respect to (i) the adherence to Operating Guidelines by the Management Company, and (ii) performing any obligations of the Management Company under or in connection with any back- and middle-office function set forth in any portfolio management agreement, investment management agreement or similar agreement in effect between the Management Company and any Client or Account from time to time.
- (e) Valuation. Advice relating to the appointment of suitable third parties to provide valuations on assets comprising the Portfolio and including, but not limited to, such valuations required to facilitate the preparation of financial statements by the Management Company or the provision of valuations in connection with, or preparation of reports otherwise relating to, a Client or Account for which the Management Company serves as portfolio manager or investment manager or in a similar capacity;
- (f) Execution and Documentation. Assistance relating to the negotiation of the terms of, and the execution and delivery by the Management Company of, any and all documents which the Management Company considers to be necessary in connection with the acquisition and disposition of an asset in the Portfolio by the Management Company or a Client or Account managed by the Management Company, transactions involving the Management Company or a Client or Account managed by the Management Company, and any other rights and obligations of the Management Company or a Client or Account managed by the Management Company;
- (g) Marketing. Provide access to marketing team representatives to assist with the marketing of the Management Company and any specified Clients or Accounts managed by the Management Company conditional on the Management Company's agreement that any incentive compensation related to such marketing shall be borne by the Management Company;
- (h) Reporting. Assistance relating to any reporting the Management Company is required to make in relation to the Portfolio or any Client or Account, including reports relating to (i) credit facility reporting and purchases, sales, liquidations, acquisitions, disposals, substitutions and exchanges of assets in the Portfolio, (ii) the requirements of an applicable regulator, or (iii) other type of reporting which the Management Company and Staff and Services Provider may agree from time to time;

- (i) Administrative Services. The provision of office space, information technology services and equipment, infrastructure, rent and parking and other related services requested or utilized by the Management Company from time to time;
- (j) Shared Employees. To the extent applicable, the provision of Shared Employees and such additional human capital as may be mutually agreed by the Management Company and the Staff and Services Provider in accordance with the provisions of Section 2.03 hereof;
- (k) Ancillary Services. Assistance and advice on all things ancillary or incidental to the foregoing; and
- (1) Other. Assistance and advice relating to such other back- and middle-office services in connection with the day-to-day business of the Management Company as the Management Company and the Staff and Services Provider may from time to time agree.

For the avoidance of doubt, none of the services contemplated hereunder shall constitute investment advisory services, and the Staff & Services Provider shall not provide any advice to the Management Company or perform any duties on behalf of the Management Company, other than the back- and middle-office services contemplated herein, with respect to (a) the general management of the Management Company, its business or activities, (b) the initiation or structuring of any Client or Account or similar securitization, (c) the substantive investment management decisions with respect to any Client or Account or any related collateral obligations or securitization, (d) the actual selection of any collateral obligation or assets by the Management Company, (e) binding recommendations as to any disposal of or amendment to any Collateral Obligation or (f) any similar functions.

Section 2.03 Shared Employees.

The Staff and Services Provider hereby agrees and consents that each (a) Shared Employee, if any, shall be employed by the Management Company, and the Management Company hereby agrees and consents that each Shared Employee shall be employed by the Staff and Services Provider. Except as may otherwise separately be agreed in writing between the applicable Shared Employee and the Management Company and/or the Staff and Services Provider, in each of their discretion, each Shared Employee is an at-will employee and no guaranteed employment or other employment arrangement is agreed or implied by this Agreement with respect to any Shared Employee, and for avoidance of doubt this Agreement shall not amend, limit, constrain or modify in any way the employment arrangements as between any Shared Employee and the Staff and Services Provider or as between any Shared Employee and the Management Company, it being understood that the Management Company may enter into a shortform employment agreement with any Shared Employee memorializing such Shared Employee's status as an employee of the Management Company. To the extent applicable, the Staff and Services Provider shall ensure that the Management Company has sufficient access to the Shared Employees so that the Shared Employees spend adequate time to provide the services required hereunder. The Staff and Services Provider may also employ the services of persons other than the Specified Persons as it deems fit in its sole discretion

- (b) Notwithstanding that the Shared Employees, if any, shall be employed by both the Staff and Services Provider and the Management Company, the Parties acknowledge and agree that any and all salary and benefits of each Shared Employee shall be paid exclusively by the Staff and Services Provider and shall not be paid or borne by the Management Company and no additional amounts in connection therewith shall be due from the Management Company to the Staff and Services Provider.
- (c) To the extent that a Shared Employee participates in the rendering of services to the Management Company's clients, the Shared Employee shall be subject to the oversight and control of the Management Company and such services shall be provided by the Shared Employee exclusively in his or her capacity as a "supervised person" of, or "person associated with", the Management Company (as such terms are defined in Sections 202(a)(25) and 202(a)(17), respectively, of the Advisers Act).
- (d) Each Party may continue to oversee, supervise and manage the services of each Shared Employee in order to (1) ensure compliance with the Party's compliance policies and procedures, (2) ensure compliance with regulations applicable to the Party and (3) protect the interests of the Party and its clients; *provided* that Staff and Services Provider shall (A) cooperate with the Management Company's supervisory efforts and (B) make periodic reports to the Management Company regarding the adherence of Shared Employees to Applicable Law, including but not limited to the 1940 Act, the Advisers Act and the United States Commodity Exchange Act of 1936, as amended, in performing the services hereunder.
- (e) Where a Shared Employee provides services hereunder through both Parties, the Parties shall cooperate to ensure that all such services are performed consistently with Applicable Law and relevant compliance controls and procedures designed to prevent, among other things, breaches in information security or the communication of confidential, proprietary or material non-public information.
- (f) The Staff and Services Provider shall ensure that each Shared Employee has any registrations, qualifications and/or licenses necessary to provide the services hereunder.
- (g) The Parties will cooperate to ensure that information about the Shared Employees is adequately and appropriately disclosed to clients, investors (and potential investors), investment banks operating as initial purchaser or placement agent with respect to any Client or Account, and regulators, as applicable. To facilitate such disclosure, the Staff and Services Provider agrees to provide, or cause to be provided, to the Management Company such information as is deemed by the Management Company to be necessary or appropriate with respect to the Staff and Services Provider and the Shared Employees (including, but not limited to, biographical information about each Shared Employee).
- (h) The Parties shall cooperate to ensure that, when so required, each has adopted a Code of Ethics meeting the requirements of the Advisers Act ("Code of Ethics") that is consistent with applicable law and which is substantially similar to the other Party's Code of Ethics.

- (i) The Staff and Services Provider shall make reasonably available for use by the Management Company, including through Shared Employees providing services pursuant to this Agreement, any relevant intellectual property and systems necessary for the provision of the services hereunder.
 - (j) The Staff and Services Provider shall require that each Shared Employee:
 - (i) certify that he or she is subject to, and has been provided with, a copy of each Party's Code of Ethics and will make such reports, and seek prior clearance for such actions and activities, as may be required under the Codes of Ethics:
 - (ii) be subject to the supervision and oversight of each Party's officers and directors, including without limitation its Chief Compliance Officer ("CCO"), which CCO may be the same Person, with respect to the services provided to that Party or its clients;
 - (iii) provide services hereunder and take actions hereunder only as approved by the Management Company;
 - (iv) provide any information requested by a Party, as necessary to comply with applicable disclosure or regulatory obligations;
 - (v) to the extent authorized to transact on behalf of the Management Company or a Client or Account, take reasonable steps to ensure that any such transaction is consistent with any policies and procedures that may be established by the Parties and all Applicable Asset Criteria and Concentrations; and
 - (vi) act, at all times, in a manner consistent with the fiduciary duties and standard of care owed by the Management Company to its members and direct or indirect investors or to a Client or Account as well as clients of Staff and Services Provider by seeking to ensure that, among other things, information about any investment advisory or trading activity applicable to a particular client or group of clients is not used to benefit the Shared Employee, any Party or any other client or group of clients in contravention of such fiduciary duties or standard of care.
- (k) Unless specifically authorized to do so, or appointed as an officer or authorized person of the Management Company with such authority, no Shared Employee may contract on behalf or in the name of the Management Company, acting as principal.
- Section 2.04 <u>Applicable Asset Criteria and Concentrations</u>. The Management Company will promptly inform the Staff and Services Provider in writing of any Applicable Asset Criteria and Concentrations to which it agrees from time to time and the Staff and Services Provider shall take such Applicable Asset Criteria and Concentrations into account when providing assistance and advice in accordance with <u>Section 2.02</u> above and any other assistance or advice provided in accordance with this Agreement.
- Section 2.05 <u>Compliance with Management Company Policies and Procedures</u>. The Management Company will from time to time provide the Staff and Services Provider and the

Shared Employees, if any, with any policy and procedure documentation which it establishes internally and to which it is bound to adhere in conducting its business pursuant to regulation, contract or otherwise. Subject to any other limitations in this Agreement, the Staff and Services Provider will use reasonable efforts to ensure any services it and the Shared Employees provide pursuant to this Agreement complies with or takes account of such internal policies and procedures.

Section 2.06 <u>Authority</u>. The Staff and Services Provider's scope of assistance and advice hereunder is limited to the services specifically provided for in this Agreement. The Staff and Services Provider shall not assume or be deemed to assume any rights or obligations of the Management Company under any other document or agreement to which the Management Company is a party. Notwithstanding any other express or implied provision to the contrary in this Agreement, the activities of the Staff and Services Provider pursuant to this Agreement shall be subject to the overall policies of the Management Company, as notified to the Staff and Services Provider from time to time. The Staff and Services Provider shall not have any duties or obligations to the Management Company unless those duties and obligations are specifically provided for in this Agreement (or in any amendment, modification or novation hereto or hereof to which the Staff and Services Provider is a party).

Section 2.07 Third Parties.

- (a) The Staff and Services Provider may employ third parties, including its affiliates, to render advice, provide assistance and to perform any of its duties under this Agreement; provided that notwithstanding the employment of third parties for any such purpose, the Staff and Services Provider shall not be relieved of any of its obligations or liabilities under this Agreement.
- (b) In providing services hereunder, the Staff and Services Provider may rely in good faith upon and will incur no liability for relying upon advice of nationally recognized counsel (which may be counsel for the Management Company, a Client or Account or any Affiliate of the foregoing), accountants or other advisers as the Staff and Services Provider determines, in its sole discretion, is reasonably appropriate in connection with the services provided by the Staff and Services Provider under this Agreement.
- Section 2.08 Management Company to Cooperate with the Staff and Services Provider. In furtherance of the Staff and Services Provider's obligations under this Agreement the Management Company shall cooperate with, provide to, and fully inform the Staff and Services Provider of, any and all documents and information the Staff and Services Provider reasonably requires to perform its obligations under this Agreement.
- Section 2.09 Power of Attorney. If the Management Company considers it necessary for the provision by the Staff and Services Provider of the assistance and advice under this Agreement (after consultation with the Staff and Services Provider), it may appoint the Staff and Services Provider as its true and lawful agent and attorney, with full power and authority in its name to sign, execute, certify, swear to, acknowledge, deliver, file, receive and record any and all documents that the Staff and Services Provider reasonably deems appropriate or necessary in connection with the execution and settlement of acquisitions of assets as directed by the Management Company

and the Staff and Services Provider's powers and duties hereunder (which for the avoidance of doubt shall in no way involve the discretion and/or authority of the Management Company with respect to investments). Any such power shall be revocable in the sole discretion of the Management Company.

ARTICLE III

CONSIDERATION AND EXPENSES

- Section 3.01 <u>Consideration</u>. As compensation for its performance of its obligations as Staff and Services Provider under this Agreement, the Staff and Services Provider will be entitled to receive a flat fee of \$168,000 per month (the "<u>Staff and Services Fee</u>"), payable monthly in advance on the first business day of each month.
- Section 3.02 <u>Costs and Expenses</u>. Each party shall bear its own expenses; *provided* that the Management Company shall reimburse the Staff and Services Provider for any and all costs and expenses that may be borne properly by the Management Company.
- Section 3.03 <u>Deferral</u>. Notwithstanding anything to the contrary contained herein, if on any date the Management Company determines that it would not have sufficient funds available to it to make a payment of Indebtedness, it shall have the right to defer any all and amounts payable to the Staff and Services Provider pursuant to this Agreement, including any fees and expenses; provided that the Management Company shall promptly pay all such amounts on the first date thereafter that sufficient amounts exist to make payment thereof.

ARTICLE IV

REPRESENTATIONS AND COVENANTS

- Section 4.01 Representations. Each of the Parties hereto represents and warrants that:
- (a) It has full power and authority to execute and deliver, and to perform its obligations under, this Agreement;
- (b) this Agreement has been duly authorized, executed and delivered by it and constitutes its valid and binding, obligation, enforceable in accordance with its terms except as the enforceability hereof may be subject to (i) bankruptcy, insolvency, reorganization moratorium, receivership, conservatorship or other similar laws now or hereafter in effect relating to creditors' rights and (ii) general principles of equity (regardless of whether such enforcement is considered in a proceeding, in equity or at law);
- (c) no consent, approval, authorization or order of or declaration or filing with any Governmental Authority is required for the execution of this Agreement or the performance by it of its duties hereunder, except such as have been duly made or obtained; and
- (d) neither the execution and delivery of this Agreement nor the fulfillment of the terms hereof conflicts with or results in a breach or violation of any of the terms or provisions of, or constitutes a default under, (i) its constituting and organizational documents; or (ii) the terms

of any material indenture, contract, lease, mortgage, deed of trust, note, agreement or other evidence of indebtedness or other material agreement, obligation, condition, covenant or instrument to which it is a party or by which it is bound.

ARTICLE V

COVENANTS

Section 5.01 Compliance: Advisory Restrictions.

- (a) The Staff and Services Provider shall reasonably cooperate with the Management Company in connection with the Management Company's compliance with its policies and procedures relating to oversight of the Staff and Services Provider. Specifically, the Staff and Services Provider agrees that it will provide the Management Company with reasonable access to information relating to the performance of Staff and Services Provider's obligations under this Agreement.
- (b) This Agreement is not intended to and shall not constitute an assignment, pledge or transfer of any portfolio management agreement or any part thereof. It is the express intention of the parties hereto that this Agreement and all services performed hereunder comply in all respects with all (a) applicable contractual provisions and restrictions contained in each portfolio management agreement, investment management agreement or similar agreement and each document contemplated thereby; and (b) Applicable Laws (collectively, the "Advisory Restrictions"). If any provision of this Agreement is determined to be in violation of any Advisory Restriction, then the services to be provided under this Agreement shall automatically be limited without action by any person or entity, reduced or modified to the extent necessary and appropriate to be enforceable to the maximum extent permitted by such Advisory Restriction.

Section 5.02 Records; Confidentiality.

The Staff and Services Provider shall maintain or cause to be maintained appropriate books of account and records relating to its services performed hereunder, and such books of account and records shall be accessible for inspection by representatives of the Management Company and its accountants and other agents at any time during normal business hours and upon not less than three (3) Business Days' prior notice; provided that the Staff and Services Provider shall not be obligated to provide access to any non-public information if it in good faith determines that the disclosure of such information would violate any applicable law, regulation or contractual arrangement.

The Staff and Services Provider shall follow its customary procedures to keep confidential any and all information obtained in connection with the services rendered hereunder that is either (a) of a type that would ordinarily be considered proprietary or confidential, such as information concerning the composition of assets, rates of return, credit quality, structure or ownership of securities, or (b) designated as confidential obtained in connection with the services rendered by the Staff and Services Provider hereunder and shall not disclose any such information to non-affiliated third parties, except (i) with the prior written consent of the Management Company, (ii) such information as a rating agency shall reasonably request in connection with its

rating of notes issued by a CLO or supplying credit estimates on any obligation included in the Portfolio, (iii) in connection with establishing trading or investment accounts or otherwise in connection with effecting transactions on behalf of the Management Company or any Client or Account for which the Management Company serves as portfolio manager or investment manager or in a similar capacity, (iv) as required by (A) Applicable Law or (B) the rules or regulations of any self-regulating organization, body or official having jurisdiction over the Staff and Services Provider or any of its Affiliates, (v) to its professional advisors (including, without limitation, legal, tax and accounting advisors), (vi) such information as shall have been publicly disclosed other than in known violation of this Agreement or shall have been obtained by the Staff and Services Provider on a non-confidential basis, (vii) such information as is necessary or appropriate to disclose so that the Staff and Services Provider may perform its duties hereunder, (viii) as expressly permitted in the final offering memorandum or any definitive transaction documents relating to any Client or Account, (ix) information relating to performance of the Portfolio as may be used by the Staff and Services Provider in the ordinary course of its business or (xx) such information as is routinely disclosed to the trustee, custodian or collateral administrator of any Client or Account in connection with such trustee's, custodian's or collateral administrator's performance of its obligations under the transaction documents related to such Client or Account. Notwithstanding the foregoing, it is agreed that the Staff and Services Provider may disclose without the consent of any Person (1) that it is serving as staff and services provider to the Management Company, (2) the nature, aggregate principal amount and overall performance of the Portfolio, (3) the amount of earnings on the Portfolio, (4) such other information about the Management Company, the Portfolio and the Clients or Accounts as is customarily disclosed by staff and services providers to management vehicles similar to the Management Company, and (5) the United States federal income tax treatment and United States federal income tax structure of the transactions contemplated by this Agreement and the related documents and all materials of any kind (including opinions and other tax analyses) that are provided to them relating to such United States federal income tax treatment and United States income tax structure. This authorization to disclose the U.S. tax treatment and tax structure does not permit disclosure of information identifying the Staff and Services Provider, the Clients or Accounts or any other party to the transactions contemplated by this Agreement (except to the extent such information is relevant to U.S. tax structure or tax treatment of such transactions).

ARTICLE VI

EXCULPATION AND INDEMNIFICATION

Section 6.01 Standard of Care. Except as otherwise expressly provided herein, each Covered Person shall discharge its duties under this Agreement with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. To the extent not inconsistent with the foregoing, each Covered Person shall follow its customary standards, policies and procedures in performing its duties hereunder. No Covered Person shall deal with the income or assets of the Management Company in such Covered Person's own interest or for its own account. Each Covered Person in its respective sole and absolute discretion may separately engage or invest in any other business ventures, including those that may be in competition with the Management Company, and the Management Company will not have any rights in or to such ventures or the income or profits derived therefrom

Section 6.02 Exculpation. To the fullest extent permitted by law, no Covered Person will be liable to the Management Company, any Member, or any shareholder, partner or member thereof, for (i) any acts or omissions by such Covered Person arising out of or in connection with the conduct of the business of the Management Company or its General Partner, or any investment made or held by the Management Company or its General Partner, unless it is determined ultimately by a court of competent jurisdiction, in a final nonappealable judgment, to be the result of gross negligence or to constitute fraud or willful misconduct (as interpreted under the laws of the State of Delaware) (each, a "Disabling Conduct") on the part of such Covered Person, (ii) any act or omission of any Investor, (iii) any mistake, gross negligence, misconduct or bad faith of any employee, broker, administrator or other agent or representative of such Covered Person, provided that such employee, broker, administrator or agent was selected, engaged or retained by or on behalf of such Covered Person with reasonable care, or (iv) any consequential (including loss of profit), indirect, special or punitive damages. To the extent that, at law or in equity, any Covered Person has duties (including fiduciary duties) and liabilities relating thereto to the Management Company or any Member, no Covered Person acting under this Agreement shall be liable to the Management Company or to any such Member for its good-faith reliance on the provisions of this Agreement. The exculpations set forth in this Section 6.02 shall exculpate any Covered Person regardless of such Covered Person's sole, comparative, joint, concurrent, or subsequent negligence.

To the fullest extent permitted by law, no Covered Person shall have any personal liability to the Management Company or any Member solely by reason of any change in U.S. federal, state or local or foreign income tax laws, or in interpretations thereof, as they apply to the Management Company or the Members, whether the change occurs through legislative, judicial or administrative action.

Any Covered Person in its sole and absolute discretion may consult legal counsel, accountants or other advisers selected by it, and any act or omission taken, or made in good faith by such Person on behalf of the Management Company or in furtherance of the business of the Management Company in good-faith reliance on and in accordance with the advice of such counsel, accountants or other advisers shall be full justification for the act or omission, and to the fullest extent permitted by applicable law, no Covered Person shall be liable to the Management Company or any Member in so acting or omitting to act if such counsel, accountants or other advisers were selected, engaged or retained with reasonable care.

Section 6.03 <u>Indemnification by the Management Company</u>. The Management Company shall and hereby does, to the fullest extent permitted by applicable law, indemnify and hold harmless any Covered Person from and against any and all claims, causes of action (including, but not limited to, strict liability, negligence, statutory violation, regulatory violation, breach of contract, and all other torts and claims arising under common law), demands, liabilities, costs, expenses, damages, losses, suits, proceedings, judgments, assessments, actions and other liabilities, whether judicial, administrative, investigative or otherwise, of whatever nature, known or unknown, liquidated or unliquidated ("Claims"), that may accrue to or be incurred by any Covered Person, or in which any Covered Person may become involved, as a party or otherwise, or with which any Covered Person may be threatened, relating to or arising out of the investment or other activities of the Management Company or its General Partner, or activities undertaken in connection with the Management Company or its General Partner, or otherwise relating to or

arising out of this Agreement, including amounts paid in satisfaction of judgments, in compromise or as fines or penalties, and attorneys' fees and expenses incurred in connection with the preparation for or defense or disposition of any investigation, action, suit, arbitration or other proceeding (a "Proceeding"), whether civil or criminal (all of such Claims, amounts and expenses referred to therein are referred to collectively as "Damages"), except to the extent that it shall have been determined ultimately by a court of competent jurisdiction, in a final nonappealable judgment, that such Damages arose primarily from Disabling Conduct of such Covered Person. The termination of any Proceeding by settlement, judgment, order, conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that any Damages relating to such settlement, judgment, order, conviction or plea of nolo contendere or its equivalent or otherwise relating to such Proceeding arose primarily from Disabling Conduct of any Covered Persons. Any Covered Person shall be indemnified under the terms of this Section 6.03 regardless of such Covered Person's sole, comparative, joint, concurrent, or subsequent negligence.

Expenses (including attorneys' fees) incurred by a Covered Person in defense or settlement of any Claim that may be subject to a right of indemnification hereunder shall be advanced by the Management Company prior to the final disposition thereof upon receipt of a written undertaking by or on behalf of the Covered Person to repay the amount advanced to the extent that it shall be determined ultimately by a court of competent jurisdiction that the Covered Person is not entitled to be indemnified hereunder. The right of any Covered Persons to the indemnification provided herein shall be cumulative of, and in addition to, any and all rights to which the Covered Person may otherwise be entitled by contract or as a matter of law or equity and shall be extended to the Covered Person's successors, assigns and legal representatives. Any judgments against the Management Company and/or any Covered Persons in respect of which such Covered Person is entitled to indemnification shall first be satisfied from the assets of the Management Company, including Drawdowns, before such Covered Person is responsible therefor.

Notwithstanding any provision of this Agreement to the contrary, the provisions of this <u>Section 6.03</u> shall not be construed so as to provide for the indemnification of any Covered Person for any liability (including liability under Federal securities laws which, under certain circumstances, impose liability even on persons that act in good faith), to the extent (but only to the extent) that such indemnification would be in violation of applicable law, but shall be construed so as to effectuate the provisions of this <u>Section 6.03</u> to the fullest extent permitted by law.

Section 6.04 Other Sources of Recovery etc. The indemnification rights set forth in Section 6.03 are in addition to, and shall not exclude, limit or otherwise adversely affect, any other indemnification or similar rights to which any Covered Person may be entitled. If and to the extent that other sources of recovery (including proceeds of any applicable policies of insurance or indemnification from any Person in which any of the Clients or Accounts has an investment) are available to any Covered Person, such Covered Person shall use reasonable efforts to obtain recovery from such other sources before the Company shall be required to make any payment in respect of its indemnification obligations hereunder; provided that, if such other recovery is not available without delay, the Covered Person shall be entitled to such payment by the Management Company and the Management Company shall be entitled to reimbursement out of such other recovery when and if obtained.

Section 6.05 <u>Rights of Heirs, Successors and Assigns.</u> The indemnification rights provided by <u>Section 6.03</u> shall inure to the benefit of the heirs, executors, administrators, successors and assigns of each Covered Person.

Section 6.06 <u>Reliance</u>. A Covered Person shall incur no liability to the Management Company or any Member in acting upon any signature or writing reasonably believed by him, her or it to be genuine, and may rely in good faith on a certificate signed by an officer of any Person in order to ascertain any fact with respect to such Person or within such Person's knowledge. Each Covered Person may act directly or through his, her or its agents or attorneys.

ARTICLE VII

TERMINATION

Section 7.01 <u>Termination</u>. Either Party may terminate this Agreement at any time upon at least thirty (30) days' written notice to the other.

ARTICLE VIII

MISCELLANEOUS

Section 8.01 <u>Amendments</u>. This Agreement may not be amended or modified except by an instrument in writing signed by each Party.

Section 8.02 Assignment and Delegation.

- (a) Neither Party may assign, pledge, grant or otherwise encumber or transfer all or any part of its rights or responsibilities under this Agreement, in whole or in part, except (i) as provided in clauses (b) and (c) of this <u>Section 8.02</u>, without the prior written consent of the other Party and (ii) in accordance with Applicable Law.
- (b) Except as otherwise provided in this <u>Section 8.02</u>, the Staff and Services Provider may not assign its rights or responsibilities under this Agreement unless (i) the Management Company consents in writing thereto and (ii) such assignment is made in accordance with Applicable Law.
- (c) The Staff and Services Provider may, without satisfying any of the conditions of Section 8.02(a) other than clause (ii) thereof, (1) assign any of its rights or obligations under this Agreement to an Affiliate; provided that such Affiliate (i) has demonstrated ability, whether as an entity or by its principals and employees, to professionally and competently perform duties similar to those imposed upon the Staff and Services Provider pursuant to this Agreement and (ii) has the legal right and capacity to act as Staff and Services Provider under this Agreement, or (2) enter into (or have its parent enter into) any consolidation or amalgamation with, or merger with or into, or transfer of all or substantially all of its assets to, another entity; provided that, at the time of such consolidation, merger, amalgamation or transfer the resulting, surviving or transferee entity assumes all the obligations of the Staff and Services Provider under this Agreement generally (whether by operation of law or by contract) and the other entity is a continuation of the Staff and Services Provider in another corporate or similar form and has

substantially the same staff; provided further that the Staff and Services Provider shall deliver ten (10) Business Days' prior notice to the Management Company of any assignment or combination made pursuant to this sentence. Upon the execution and delivery of any such assignment by the assignee, the Staff and Services Provider will be released from further obligations pursuant to this Agreement except to the extent expressly provided herein.

Section 8.03 Non-Recourse; Non-Petition,

- (a) The Staff and Services Provider agrees that the payment of all amounts to which it is entitled pursuant to this Agreement shall be payable by the Management Company only to the extent of assets held in the Portfolio.
- (b) Notwithstanding anything to the contrary contained herein, the liability of the Management Company to the Staff and Services Provider hereunder is limited in recourse to the Portfolio, and if the proceeds of the Portfolio following the liquidation thereof are insufficient to meet the obligations of the Management Company hereunder in full, the Management Company shall have no further liability in respect of any such outstanding obligations, and such obligations and all claims of the Staff and Services Provider or any other Person against the Management Company hereunder shall thereupon extinguish and not thereafter revive. The Staff and Services Provider accepts that the obligations of the Management Company hereunder are the corporate obligations of the Management Company and are not the obligations of any employee, member, officer, director or administrator of the Management Company and no action may be taken against any such Person in relation to the obligations of the Management Company hereunder.
- Services Provider agrees not to institute against, or join any other Person in instituting against, the Management Company any bankruptcy, reorganization, arrangement, insolvency, moratorium or liquidation proceedings, or other proceedings under United States federal or state bankruptcy laws, or similar laws until at least one year and one day (or, if longer, the then applicable preference period plus one day) after the payment in full all amounts payable in respect of any Indebtedness incurred to finance any portion of the Portfolio; provided that nothing in this provision shall preclude, or be deemed to stop, the Staff and Services Provider from taking any action prior to the expiration of the aforementioned one year and one day period (or, if longer, the applicable preference period then in effect plus one day) in (i) any case or proceeding voluntarily filed or commenced by the Management Company, or (ii) any involuntary insolvency proceeding filed or commenced against the Management Company by a Person other than the Staff and Services Provider.
- (d) The Management Company hereby acknowledges and agrees that the Staff and Services Provider's obligations hereunder shall be solely the corporate obligations of the Staff and Services Provider, and are not the obligations of any employee, member, officer, director or administrator of the Staff and Services Provider and no action may be taken against any such Person in relation to the obligations of the Staff and Services Provider hereunder.
- (e) The provisions of this <u>Section 8.03</u> shall survive termination of this Agreement for any reason whatsoever.

Section 8.04 Governing Law.

- (a) This Agreement shall be governed by, and construed in accordance with, the laws of the State of Texas. The Parties unconditionally and irrevocably consent to the exclusive jurisdiction of the courts located in the State of Texas and waive any objection with respect thereto, for the purpose of any action, suit or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby.
- (b) The Parties irrevocably agree for the benefit of each other that the courts of the State of Texas and the United States District Court located in the Northern District of Texas in Dallas are to have exclusive jurisdiction to settle any disputes (whether contractual or non-contractual) which may arise out of or in connection with this Agreement and that accordingly any action arising out of or in connection therewith (together referred to as "Proceedings") may be brought in such courts. The Parties irrevocably submit to the jurisdiction of such courts and waive any objection which they may have now or hereafter to the laying of the venue of any Proceedings in any such court and any claim that any Proceedings have been brought in an inconvenient forum and further irrevocably agree that a judgment in any Proceedings brought in such courts shall be conclusive and binding upon the Parties and may be enforced in the courts of any other jurisdiction.
- Section 8.05 <u>WAIVER OF JURY TRIAL</u>. EACH OF THE PARTIES HERETO HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHTS IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS AGREEMENT. EACH PARTY HERETO ACKNOWLEDGES AND AGREES THAT IT HAS RECEIVED FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION AND THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR ITS ENTERING INTO THIS AGREEMENT.
- Section 8.06 <u>Severability</u>. The provisions of this Agreement are independent of and severable from each other, and no provision shall be affected or rendered invalid or unenforceable by virtue of the fact that for any reason any other or others of them may be invalid or unenforceable in whole or in part. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties.
- Section 8.07 No Waiver. The performance of any condition or obligation imposed upon any Party may be waived only upon the written consent of the Parties. Such waiver shall be limited to the terms thereof and shall not constitute a waiver of any other condition or obligation of the other Party. Any failure by any Party to enforce any provision shall not constitute a waiver of that or any other provision or this Agreement.
- Section 8.08 <u>Counterparts</u>. This Agreement may be executed in any number of counterparts by facsimile or other written or electronic form of communication, each of which shall be deemed to be an original as against any Party whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Agreement shall become binding when one or more counterparts hereof, individually or taken together, shall bear the signatures of all of the Parties reflected hereon as the signatories.

- Section 8.09 Third Party Beneficiaries. This Agreement is for the sole benefit of the Parties hereto and their permitted assigns and nothing herein express or implied shall give or be construed to give to any Person, other than the Parties hereto and such permitted assigns, any legal or equitable rights hereunder. For avoidance of doubt, this Agreement is not for the benefit or and is not enforceable by any Shared Employee, Client or Account or any investor (directly or indirectly) in the Management Company.
- Section 8.10 No Partnership or Joint Venture. Nothing set forth in this Agreement shall constitute, or be construed to create, an employment relationship, a partnership or a joint venture between the Parties. Except as expressly provided herein or in any other written agreement between the Parties, no Party has any authority, express or implied, to bind or to incur liabilities on behalf of, or in the name of, any other Party.
- Section 8.11 <u>Independent Contractor</u>. Notwithstanding anything to the contrary, the Staff and Services Provider shall be deemed to be an independent contractor and, except as expressly provided or authorized herein, shall have no authority to act for or represent the Management Company or any Client or Account in which the Management Company acts as portfolio manager or investment manager or in a similar capacity in any manner or otherwise be deemed an agent of the Management Company or any Client or Account in which the Management Company acts as portfolio manager or investment manager or in a similar capacity.
- Section 8.12 <u>Written Disclosure Statement</u>. The Management Company acknowledges receipt of Part 2 of the Staff and Services Provider's Form ADV, as required by Rule 204-3 under the Advisers Act, on or before the date of execution of this Agreement.
- Section 8.13 <u>Headings</u>. The descriptive headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.
- Section 8.14 Entire Agreement. This Agreement constitutes the entire agreement of the Parties with respect to the subject matter hereof and supersedes all prior agreements and undertakings, both written and oral, between the Parties with respect to such subject matter.
- Section 8.15 <u>Notices</u>. Any notice or demand to any Party to be given, made or served for any purposes under this Agreement shall be given, made or served by sending the same by overnight mail or email transmission or by delivering it by hand as follows:
 - (a) If to the Management Company:

NexPoint Advisors, L.P. 200 Crescent Court Suite 700 Dallas, TX 75201 (b) If to the Staff and Services Provider:

Highland Capital Management, L.P. 300 Crescent Court Suite 700 Dallas, TX 75201

or to such other address or email address as shall have been notified to the other Parties.

[The remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, each Party has caused this Agreement to be executed as of the date hereof by its duly authorized representative.

NEXPOINT ADVISORS, L.P.

By: NexPoint Advisors GP, LLC, its

General Partner

Name: Frank Waterhouse

Title: Treasurer

HIGHLAND CAPITAL MANAGEMENT, L.P.

By: Strand Advisors, Inc., its General

Partner,

Name: Frank Waterhouse

Title: Treasurer

Davor Rukavina, Esq.
Texas Bar No. 24030781
Julian P. Vasek, Esq.
Texas Bar No. 24070790
MUNSCH HARDT KOPF & HARR, P.C.
500 N. Akard Street, Suite 3800
Dallas, Texas 75202-2790
Telephone: (214) 855-7500
Facsimile: (214) 978-4375

Counsel for Defendant NexPoint Advisors, L.P.

IN THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF TEXAS DALLAS DIVISION

1 1 151011	
§	Case No. 19-34054-SGJ-11
§	
§	Chapter 11
§	
§	
§	
§	
§	
§	
§	
§	
§	Adversary No.: 21-03005-sgj
§	
§	
§	
§	
§	

DEFENDANT NEXPOINT ADVISORS, L.P.'S ANSWER TO AMENDED COMPLAINT

Defendant NexPoint Advisors, L.P. ("NexPoint"), a defendant in the above-styled and numbered adversary proceeding (the "Adversary Proceeding") filed by Highland Capital Management, L.P. (the "Plaintiff"), hereby files this Answer (the "Answer") responding to the Amended Complaint for (I) Breach of Contract and (II) Turnover of Property (III) Fraudulent Transfer, and (IV) Breach of Fiduciary Duty [Adv. Dkt. 73] (the "Amended Complaint"). Where an allegation in the Amended Complaint is not expressly admitted in this Answer, it is denied.

Exhibit B

PRELIMINARY STATEMENT

- 1. The first sentence of paragraph 1 of the Amended Complaint sets forth the Plaintiff's objective in bringing the Amended Complaint and does not require a response. To the extent it contains factual allegations, they are denied. The second sentence contains a legal conclusion that does not require a response. To the extent it contains factual allegations, they are denied.
- 2. Defendant NexPoint admits that NPA's First Amended Answer speaks for itself.

 To the extent paragraph 2 contradicts the First Amended Answer, it is denied.
- 3. Defendant NexPoint denies the allegations in paragraph 3 of the Amended Complaint.
- 4. Paragraph 4 of the Amended Complaint sets forth the Plaintiff's objective in bringing the Amended Complaint and does not require a response. To the extent it contains factual allegations, they are denied.
- 5. Paragraph 5 of the Amended Complaint contains a summary of the relief the Plaintiff seeks and does not require a response. To the extent it contains factual allegations, they are denied.

JURISDICTION AND VENUE

- 6. Defendant NexPoint admits that this Adversary Proceeding relates to the Plaintiff's bankruptcy case but denies any implication that this fact confers Constitutional authority on the Bankruptcy Court to adjudicate this dispute. Any allegations in paragraph 6 not expressly admitted are denied.
- 7. Defendant NexPoint admits that the Court has statutory (but not Constitutional) jurisdiction to hear this Adversary Proceeding. Any allegations in paragraph 7 not expressly admitted are denied.

- 8. Defendant NexPoint denies the allegations contained in paragraph 8 of the Amended Complaint. Defendant NexPoint does not consent to any trial before, or final order entered by, the Bankruptcy Court. Defendant NexPoint demands a trial by jury of all issues so triable.
- 9. Defendant NexPoint admits the allegations in paragraph 9 of the Amended Complaint.

THE PARTIES

- 10. Defendant NexPoint admits the allegations in paragraph 10 of the Amended Complaint.
- 11. Defendant NexPoint admits the allegations in paragraph 11 of the Amended Complaint.
- 12. Defendant NexPoint admits the allegations in paragraph 12 of the Amended Complaint.
- 13. Defendant NexPoint lacks knowledge or information sufficient to form a belief about the truth of the allegations in paragraph 13 of the Amended Complaint and therefore denies the same.
- 14. Defendant NexPoint lacks knowledge or information sufficient to form a belief about the truth of the allegations in paragraph 14 of the Amended Complaint and therefore denies the same.

CASE BACKGROUND

- 15. Defendant NexPoint admits the allegations in paragraph 15 of the Amended Complaint.
- 16. Defendant NexPoint admits the allegations in paragraph 16 of the Amended Complaint.

- 17. Defendant NexPoint admits the allegations in paragraph 17 of the Amended Complaint.
- 18. Defendant NexPoint admits the allegations in paragraph 18 of the Amended Complaint.
- 19. Defendant NexPoint admits the allegations in paragraph 19 of the Amended Complaint.

STATEMENT OF FACTS

- 20. Defendant NexPoint admits that it has executed at least one promissory note under which the Debtor is a payee. Any allegations in paragraph 20 note expressly admitted are denied.
- 21. Defendant NexPoint admits the allegations in paragraph 21 of the Amended Complaint.
- 22. Defendant NexPoint denies paragraph 22 of the Complaint. The document speaks for itself and the quote set forth in paragraph 22 is not verbatim.
- 23. Defendant NexPoint admits the allegations in paragraph 23 of the Amended Complaint.
- 24. Defendant NexPoint denies paragraph 24 of the Complaint. The document speaks for itself and the quote set forth in paragraph 24 is not verbatim.
- 25. Defendant NexPoint admits the allegations in paragraph 25 of the Amended Complaint.
- 26. Defendant NexPoint admits that it did not make a payment under the Note on December 31, 2020. Defendant NexPoint denies that any payment was due under the Note on December 31, 2020. To the extent not expressly admitted, paragraph 26 of the Amended Complaint is denied.

- 27. Defendant NexPoint admits that Exhibit 2 to the Amended Complaint (the "<u>Demand Letter</u>") is a true and correct copy of what it purports to be and that the document speaks for itself. To the extent paragraph 27 of the Amended Complaint asserts a legal conclusion, no response is required, and it is denied. To the extent not expressly admitted, paragraph 27 of the Amended Complaint is denied.
- 28. Defendant NexPoint admits that it paid the Debtor \$1,406,111.92 on January 14, 2021, but denies that any payment was due on December 31, 2020 or that this was an attempt to cure a default. To the extent not expressly admitted, paragraph 28 of the Amended Complaint is denied.
- 29. Defendant NexPoint admits that Exhibit 3 to the Amended Complaint (the "Second Demand Letter") is a true and correct copy of what it purports to be and that the document speaks for itself. To the extent paragraph 29 of the Amended Complaint asserts a legal conclusion, no response is required, and it is denied. To the extent not expressly admitted, paragraph 29 of the Amended Complaint is denied.
- 30. To the extent paragraph 30 of the Amended Complaint asserts a legal conclusion, no response is necessary, and it is denied. The Defendant otherwise admits paragraph 30 of the Amended Complaint.
- 31. Defendant NexPoint lacks knowledge or information sufficient to form a belief about the truth of the allegations in paragraph 31 of the Amended Complaint and therefore denies the same.
- 32. Defendant NexPoint denies the allegations in paragraph 32 of the Amended Complaint.
- 33. Defendant NexPoint admits that the Debtor filed the Original Complaint in this action on January 22, 2021, as alleged in the first sentence of paragraph 33 of the Amended

Complaint. Defendant NexPoint denies it is liable for the relief requested in the Original Complaint. To the extent not expressly admitted, paragraph 33 of the Amended Complaint is denied.

- 34. Defendant NexPoint admits the allegations in paragraph 34 of the Amended Complaint.
- 35. Defendant NexPoint admits the allegations in paragraph 35 of the Amended Complaint.
- 36. Defendant NexPoint admits that NexPoint's First Amended Answer speaks for itself. To the extent paragraph 36 contradicts the First Amended Answer, it is denied.
- 37. Defendant NexPoint admits that NexPoint's First Amended Answer speaks for itself. To the extent paragraph 37 contradicts the First Amended Answer, it is denied.
- 38. Paragraph 38 of the Amended Complaint asserts a legal conclusion to which no answer is required. To the extent of any factual allegation, Defendant NexPoint admits that Mr. Dondero controlled NPA and denies that he controlled the Debtor at the time of the Alleged Agreement.
- 39. Defendant NexPoint lacks knowledge or information sufficient to form a belief about the truth of the allegations in paragraph 39 of the Amended Complaint and therefore denies the same.
- 40. Defendant NexPoint denies the allegations in paragraph 40 of the Amended Complaint.
- 41. Defendant NexPoint admits that Exhibit 4 to the Amended Complaint is a true and correct copy of what it purports to be and that the document speaks for itself. To the extent paragraph 41 of the Amended Complaint asserts a legal conclusion, no response is required, and

it is denied. To the extent not expressly admitted, paragraph 41 of the Amended Complaint is denied.

- 42. Paragraph 42 of the Amended Complaint states a legal conclusion that does not require a response and is therefore denied.
- 43. Paragraph 43 of the Amended Complaint states a legal conclusion that does not require a response and is therefore denied.

FIRST CLAIM FOR RELIEF (against NexPoint) (for Breach of Contract)

- 44. Paragraph 44 of the Amended Complaint is a sentence of incorporation that does not require a response. All prior responses are incorporated herein by reference.
- 45. Paragraph 45 of the Amended Complaint states a legal conclusion that does not require a response and is therefore denied. To the extent of any factual allegation, it is denied.
- 46. Paragraph 46 of the Amended Complaint states a legal conclusion that does not require a response and is therefore denied. To the extent of any factual allegation, it is denied.
- 47. Paragraph 47 of the Amended Complaint states a legal conclusion that does not require a response and is therefore denied. To the extent of any factual allegation, it is denied.
- 48. Paragraph 48 of the Amended Complaint states a legal conclusion that does not require a response and is therefore denied. To the extent of any factual allegation, it is denied.

SECOND CLAIM FOR RELIEF

(against NexPoint)
(Turnover by NexPoint Pursuant to 11 U.S.C. § 542(b))

49. Paragraph 49 of the Amended Complaint is a sentence of incorporation that does not require a response and is therefore denied. All prior responses are incorporated herein by reference.

- 50. Paragraph 50 of the Amended Complaint states a legal conclusion that does not require a response and is therefore denied. To the extent of any factual allegation, it is denied.
- 51. Paragraph 51 of the Amended Complaint states a legal conclusion that does not require a response and is therefore denied. To the extent of any factual allegation, it is denied.
- 52. Paragraph 52 of the Amended Complaint states a legal conclusion that does not require a response and is therefore denied. To the extent of any factual allegation, it is denied.
- 53. Paragraph 53 of the Amended Complaint states a legal conclusion that does not require a response and is therefore denied. Defendant NexPoint admits that the Plaintiff transmitted the Demand Letter and the Second Demand Letter, and those documents speak for themselves.
- 54. Paragraph 54 of the Amended Complaint states a legal conclusion that does not require a response and is therefore denied. To the extent of any factual allegation, it is denied.
- 55. Paragraph 55 of the Amended Complaint states a legal conclusion that does not require a response and is therefore denied. To the extent of any factual allegation, it is denied.

THIRD CLAIM FOR RELIEF

(Against NexPoint)

(Avoidance and Recovery of Actual Fraudulent Transfer under 11 U.S.C. §§ 548(a)(1)(A) and 550)

- 56. Paragraph 56 of the Amended Complaint is a sentence of incorporation that does not require a response. All prior responses are incorporated herein by reference.
- 57. Paragraph 57 of the Amended Complaint states a legal conclusion that does not require a response and is therefore denied.
- 58. Paragraph 58 of the Amended Complaint states a legal conclusion that does not require a response and is therefore denied. To the extent of any factual allegation, it is denied.

- 59. Paragraph 59 of the Amended Complaint states a legal conclusion that does not require a response and is therefore denied. To the extent of any factual allegation, it is denied.
- 60. Paragraph 60 of the Amended Complaint states a legal conclusion that does not require a response and is therefore denied. To the extent of any factual allegation, it is denied.
- 61. Paragraph 61 of the Amended Complaint states a legal conclusion that does not require a response and is therefore denied. To the extent of any factual allegation, it is denied.

FOURTH CLAIM FOR RELIEF

(Against NexPoint)

(Avoidance and Recovery of Actual Fraudulent Transfer Under 11 U.S.C. § 544(b) and 550, and Tex. Bus. & C. Code § 24.005(a)(1))

- 62. Paragraph 62 of the Amended Complaint is a sentence of incorporation that does not require a response. All prior responses are incorporated herein by reference.
- 63. Paragraph 63 of the Amended Complaint states a legal conclusion that does not require a response and is therefore denied.
- 64. Paragraph 64 of the Amended Complaint states a legal conclusion that does not require a response and is therefore denied. To the extent of any factual allegation, it is denied.
- 65. Paragraph 65 of the Amended Complaint states a legal conclusion that does not require a response and is therefore denied. To the extent of any factual allegation, it is denied.
- 66. Paragraph 66 of the Amended Complaint states a legal conclusion that does not require a response and is therefore denied. To the extent of any factual allegation, it is denied.

FIFTH CLAIM FOR RELIEF

(Against Dugaboy Investment Trust and Nancy Dondero) (For Declaratory Relief: -- 11 U.S.C. § 105(a) and Fed. R. Bankr. P. 7001)

67. Paragraph 67 of the Amended Complaint is a sentence of incorporation that does not require a response. All prior responses are incorporated herein by reference.

- 68. This claim is only asserted against Defendants Dugaboy Investment Trust and Nancy Dondero. Therefore, Defendant NexPoint is not required to respond to this claim.
- 69. This claim is only asserted against Defendants Dugaboy Investment Trust and Nancy Dondero. Therefore, Defendant NexPoint is not required to respond to this claim.
- 70. Paragraph 70 of the Amended Complaint states a legal conclusion that does not require a response and is therefore denied.

SIXTH CLAIM FOR RELIEF

(Against Dugaboy Investment Trust and Nancy Dondero)
(Breach of Fiduciary Duty)

- 71. Paragraph 71 of the Amended Complaint is a sentence of incorporation that does not require a response. All prior responses are incorporated herein by reference.
- 72. This claim is only asserted against Defendants Dugaboy Investment Trust and Nancy Dondero. Therefore, Defendant NexPoint is not required to respond to this claim.
- 73. This claim is only asserted against Defendants Dugaboy Investment Trust and Nancy Dondero. Therefore, Defendant NexPoint is not required to respond to this claim.
- 74. This claim is only asserted against Defendants Dugaboy Investment Trust and Nancy Dondero. Therefore, Defendant NexPoint is not required to respond to this claim.

SEVENTH CLAIM FOR RELIEF

(Against James Dondero and Nancy Dondero)
(Aiding and Abetting a Breach of Fiduciary Duty)

- 75. Paragraph 75 of the Amended Complaint is a sentence of incorporation that does not require a response. All prior responses are incorporated herein by reference.
- 76. This claim is only asserted against Defendants James Dondero and Nancy Dondero. Therefore, Defendant NexPoint is not required to respond to this claim.
- 77. This claim is only asserted against Defendants James Dondero and Nancy Dondero. Therefore, Defendant NexPoint is not required to respond to this claim.

- 78. This claim is only asserted against Defendants James Dondero and Nancy Dondero. Therefore, Defendant NexPoint is not required to respond to this claim.
- 79. This claim is only asserted against Defendants James Dondero and Nancy Dondero. Therefore, Defendant NexPoint is not required to respond to this claim.

Defendant NexPoint denies that the Plaintiff is entitled to the relief requested in the prayer, including as to parts (i), (ii), (iii), (iv), (v), (vi), (vii) and (iii) [sic].

AFFIRMATIVE DEFENSES

- 80. Pursuant to that certain Shared Services Agreement, the Plaintiff was responsible for making payments on behalf of the Defendant under the note. Any alleged default under the note was the result of the Plaintiff's own negligence, misconduct, breach of contract, etc.
- 81. Delay in the performance of a contract is excused when the party who seeks to enforce the contract caused the delay. It was therefore inappropriate for the Plaintiff to accelerate the note when the brief delay in payment was the Plaintiff's own fault.
- 82. Furthermore, the Plaintiff has waived the right to accelerate the note and /or the Plaintiff is estopped to enforce the alleged acceleration by accepting payment after the same.
- 83. Furthermore, the Plaintiff's claims are barred in whole or in part because, prior to any alleged breach or acceleration, the Plaintiff agreed that it would not collect on the note upon fulfilment of certain conditions subsequent. Specifically, sometime between December of the year in which each Note was made and February of the following year, Defendant Nancy Dondero, as representative for a majority of the Class A shareholders of Plaintiff agreed that Plaintiff would forgive the Notes if certain portfolio companies were sold for greater than cost or on a basis outside of Defendant James Dondero's control. This agreement setting forth the conditions subsequent to demands for payment on the Notes was an oral agreement; however, Defendant NexPoint believes there may be testimony or email correspondence that discusses the

existence of this agreement that may be uncovered through discovery in this Adversary Proceeding.

- 84. Defendant NexPoint asserts that any fraudulent transfer claim is barred because NexPoint acted in good faith, without knowledge of any alleged avoidability, and because reasonably equivalent value was provided for any alleged transfer or obligation.
- 85. Defendant NexPoint asserts that any fraudulent transfer claim is barred because no transferor or transferee, or obligor or obligee, was insolvent.
- 86. To the extent of any avoidance, NexPoint asserts a lien under 11 U.S.C. § 548(c) to the extent that NexPoint gave value, and a similar preference lien under any applicable provision of the Texas Uniform Fraudulent Transfer Act.

JURY DEMAND

- 87. Defendant NexPoint demands a trial by jury of all issues so triable pursuant to Rule 38 of the Federal Rules of Civil Procedure and Rule 9015 of the Federal Rules of Bankruptcy Procedure.
- 88. Defendant NexPoint does <u>not</u> consent to the Bankruptcy Court conducting a jury trial and therefore demands a jury trial in the District Court.

<u>PRAYER</u>

WHEREFORE, PREMISES CONSIDERED, Defendant NexPoint respectfully requests that, following a trial on the merits, the Court enter a judgment that the Plaintiff take nothing on the Amended Complaint and provide Defendant NexPoint such other relief to which it is entitled.

RESPECTFULLY SUBMITTED this 1st day of September, 2021.

MUNSCH HARDT KOPF & HARR, P.C.

By: /s/ Davor Rukavina

Davor Rukavina, Esq. Texas Bar No. 24030781 Julian P. Vasek, Esq. Texas Bar No. 24070790 3800 Ross Tower 500 N. Akard Street Dallas, Texas 75201-6659 Telephone: (214) 855-7500

Facsimile: (214) 855-7584

Email: drukavina@munsch.com

COUNSEL FOR NEXPOINT ADVISORS, L.P.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that, on September 1, 2021, a true and correct copy of this document was served via the Court's CM/ECF system on counsel for the Plaintiff.

> /s/ Davor Rukavina Davor Rukavina

1	WATERHOUSE - 10-19-21	Page 1
2		
	IN THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF TEXAS	
3	DALLAS DIVISION	
4	IN RE:	
5	Chapter 11 HIGHLAND CAPITAL	
6	MANAGEMENT, L.P., CASE NO.	
7	19-34054-SGI11	
8	Debtor.	
9	HIGHLAND CAPITAL MANAGEMENT, L.P.,	
	Plaintiff,	
10	vs. Adversary Proceeding No.	
11	HIGHLAND CAPITAL MANAGEMENT 21-03000-SGI FUND ADVISORS, L.P.; NEXPOINT	
12	ADVISORS, L.P.; HIGHLAND	
13	INCOME FUND; NEXPOINT STRATEGIC OPPORTUNITIES FUND;	
14	NEXPOINT CAPITAL, INC.; and CLO HOLDCO, LTD.,	
15	Defendants.	
16		
17	REMOTE VIDEOTAPED DEPOSITION OF	
18	FRANK WATERHOUSE	
19	October 19, 2021	
20		
21		
22		
23		
24	Reported by: Susan S. Klinger, RMR-CRR, CSR	
25	Job No: 201195	

		Page 2
1	WATERHOUSE - 10-19-21	3
2		
3		
4	October 19, 2021	
5	9:30 a.m.	
6		
7		
8		
9	Remote Deposition of FRANK WATERHOUSE,	
10	held before Susan S. Klinger, a Registered	
11	Merit Reporter and Certified Realtime Reporter	
12	of the State of Texas.	
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		

```
Page 3
 1
                  WATERHOUSE - 10-19-21
 2.
     APPEARANCES:
 3
     (All appearances via Zoom.)
     Attorneys for the Reorganized Highland Capital
 4
 5
     Management:
 6
          John Morris, Esq.
 7
          Hayley Winograd, Esq.
 8
          PACHULSKI STANG ZIEHL & JONES
 9
          780 Third Avenue
10
          New York, New York 10017
     Attorneys for the Witness:
11
12
          Debra Dandeneau, Esq.
13
          Michelle Hartmann, Esq.
14
          BAKER McKENZIE
          1900 North Pearl Street
15
16
          Dallas, Texas
                         75201
     Attorneys for NexPoint Advisors, LP and
17
     Highland Capital Management Fund Advisors,
18
19
     L.P.:
20
          Davor Rukavina, Esq.
21
          An Nguyen, Esq.
22
          MUNSCH HARDT KOPF & HARDD
          500 North Akard Street
23
24
          Dallas, Texas 75201-6659
25
```

```
Page 4
 1
                   WATERHOUSE - 10-19-21
     Attorneys for Jim Dondero, Nancy Dondero, HCRA,
 3
     and HCMS:
          Deborah Deitsch-Perez, Esq.
 4
 5
          Michael Aigen, Esq.
 6
          STINSON
 7
          3102 Oak Lawn Avenue
 8
          Dallas, Texas 75219
 9
10
     Attorneys for Dugaboy Investment Trust:
11
          Warren Horn, Esq.
12
          HELLER, DRAPER & HORN
13
          650 Poydras Street
          New Orleans, Louisiana 70130
14
15
     Attorneys for Marc Kirschner as the trustee for
16
17
     the litigation SunTrust:
18
          Deborah Newman, Esq.
19
          QUINN EMANUEL URQUHART & SULLIVAN
          51 Madison Avenue
20
21
          New York, New York 10010
22
23
     Also Present:
24
          Ms. La Asia Canty
25
```

1	WATERHOUSE - 10-19-21		Page 5
2	INDEX		
3			
4	WITNESS	PAGE	
5	FRANK WATERHOUSE		
6	EXAMINATION BY MR. MORRIS	10	
7	EXAMINATION BY MR. RUKAVINA	256	
8	EXAMINATION BY MS. DEITSCH-PEREZ	352	
9	EXAMINATION BY MR. MORRIS	377	
10	EXAMINATION BY MR. RUKAVINA	387	
11	EXAMINATION BY MS. DEITSCH-PEREZ	393	
12			
13	EXHIBITS		
14	No.	Page	
15	Exhibit 2 NPA et al Amended Complaint	142	
16	Exhibit 33 6/3/19 Management	91	
17	Representation		
18	Exhibit 34 HCMLP Consolidated Financial	94	
19	Statements		
20	Exhibit 35 HCMFA Incumbency Certificate	151	
21	Exhibit 36 Email string re 15(c)	170	
22	Exhibit 39 HCMLP Operating Results 2/18	226	
23	Exhibit 40 Summary of Assets and	236	
24	Liabilities		
25	Exhibit 41 12/19 Monthly Operating Report	258	
24	Liabilities		

			Page 6
1	WATERHOUSE - 10-19-21		raye o
2	Exhibit 45 HCMFA Consolidated Financial	135	
3	Statements		
4	Exhibit 46 NexPoint 2019 Audited	218	
5	Financials		
6			
7	Exhibit Al Emails 11/25	328	
8	Exhibit A2 Emails 12/31	338	
9	Exhibit A6 Emails 1/12	341	
10	Exhibit A7 Promissory Notes	297	
11	Exhibit A9 Email, 8/31	307	
12	Exhibit A10 Acknowledgment from HCMLP	302	
13	Exhibit All HCMLP Schedule 71A	309	
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			

Page 7 1 WATERHOUSE - 10-19-21 PROCEEDINGS 3 VIDEOGRAPHER: Good morning, 4 Counselors. My name is Scott Hatch. certified legal videographer in association 5 6 with TSG Reporting, Inc. 7 Due to the severity of COVID-19 and following the practice of social 8 9 distancing, I will not be in the same room 10 with the witness. Instead, I will record this videotaped deposition remotely. 11 reporter, Susan Klinger, also will not be 12 13 in the same room and will swear the witness 14 remotely. 15 Do all parties stipulate to the validity of this video recording and remote 16 swearing, and that it will be admissible in 17 the courtroom as if it had been taken 18 following Rule 30 of the Federal Rules of 19 Civil Procedures and the state's rules 20 21 where this case is pending? 22 MR. HORN: Yes. 23 MS. DANDENEAU: Yes. 24 MR. MORRIS: Yes. John Morris. would just try to do a negative notice 25

Page 8 1 WATERHOUSE - 10-19-21 2. here, as we did yesterday. If anybody has a problem with what was just stated, can 3 you state your objection now? 4 5 No response, so everybody Okav. 6 accepts the stipulation and the instruction 7 that was just given. VIDEOGRAPHER: Thank you. 8 9 the start of media labeled Number 1 of the 10 video recorded deposition of Frank Waterhouse In Re: Highland Capital 11 12 Management, L.P., in the United States 13 Bankruptcy Court for the Northern District 14 of Texas, Dallas Division, Case Number 15 21-03000-SGI. 16 This deposition is being held via video conference with participants 17 appearing remotely due to COVID-19 18 19 restrictions on Tuesday, October 19th, 2021 at approximately 9:32 a.m. My name is 20 Scott Hatch, legal video specialist with 21 22 TSG Reporting, Inc. headquartered at 228 23 East 45th Street, New York, New York.

court reporter is Susan Klinger in

association with TSG Reporting.

24

25

Page 9 1 WATERHOUSE - 10-19-21 Counsel, please introduce 3 yourselves. John Morris, Pachulski 4 MR. MORRIS: 5 Stang Ziehl & Jones for the reorganized 6 Highland Capital Management, L.P., the 7 plaintiff in these actions. MS. DANDENEAU: Deborah Dandeneau 8 9 from Baker McKenzie. My partner, Michelle 10 Hartmann, is also in the room with me, representing Frank Waterhouse individually. 11 12 MS. DEITSCH-PEREZ: Deborah 13 Deitsch-Perez from Stinson, LLP, 14 representing Jim Dondero, Nancy Dondero, HCRA, and HCMS. 15 16 MR. HORN: Warren Horn with Heller, Draper & Horn in New Orleans representing 17 18 Dugaboy Investment Trust. 19 Davor Rukavina with MR. RUKAVINA: 20 Munsch Hardt Kopf & Harr in Dallas 21 representing NexPoint Advisors, LP and 22 Highland Capital Management Fund Advisors, 23 L.P. 24 MR. AIGEN: Michael Aigen from

Stinson, and I represent the same parties

25

Page 10 1 WATERHOUSE - 10-19-21 as Deborah Deitsch-Perez. 3 MS. NEWMAN: This is Deborah Newman from Quinn Emanuel. We represent the 4 5 litigation -- Marc Kirschner as the trustee for the litigation SunTrust. 6 7 MR. MORRIS: I think that is everybody. 8 9 VIDEOGRAPHER: Thank you. Will the 10 court reporter please swear in the witness. 11 FRANK WATERHOUSE, 12 having been first duly sworn, testified as follows: 13 14 **EXAMINATION** 15 BY MR. MORRIS: 16 0. Please state your name for the 17 record. 18 My name is Frank Waterhouse. Α. Good morning, Mr. Waterhouse. 19 Q. 20 John Morris, as you know, from Pachulski Stang 21 Ziehl & Jones. You understand that my firm and 22 I represent Highland Capital Management, L.P.; 23 is that right? 24 Α. Yes. 25 Okay. And do you understand that Q.

- 1 WATERHOUSE 10-19-21
- 2 we're here today for your deposition in your
- 3 individual capacity?
- 4 A. Yes.
- 5 Q. Did you review and -- did you
- 6 receive and review a subpoena that Highland
- 7 Capital Management, L.P., served upon you?
- 8 A. Yes.
- 9 Q. You have been deposed before; right?
- 10 A. Yes.
- 11 Q. How many times have you been
- 12 deposed?
- 13 A. About three or four times.
- 14 Q. Okay. And I defended you in one
- 15 deposition; isn't that right?
- 16 A. That is correct.
- 17 Q. So the general ground rules for this
- 18 deposition are largely the same as the
- 19 depositions you have given before. And that is
- 20 I will ask you a series of questions, and it is
- 21 important that you allow me to finish my
- 22 question before you begin your answer; is that
- 23 fair?
- 24 A. Yes.
- Q. And it is important that I allow you

- 1 WATERHOUSE 10-19-21
- 2 to finish your answers before I begin a
- 3 question, but if I fail to do that, will you
- 4 let me know?
- 5 A. I can certainly do that.
- 6 Q. Okay. Do you understand that this
- 7 deposition is being videotaped?
- 8 A. Yes.
- 9 Q. You understand that I may seek to
- 10 use portions of the videotape in a court of
- 11 law?
- 12 A. I did not know that, until you just
- 13 said that.
- Q. Okay. And you are aware of that now
- 15 before the deposition begins substantively; is
- 16 that right?
- 17 A. Yes.
- 18 Q. So unlike I think the other
- 19 depositions that you have given, this one is
- 20 being given remotely. So that presents some
- 21 unique challenges, at least as compared to a
- 22 deposition that is taken in-person.
- From time to time we're going to put
- 24 documents up on the screen, Mr. Waterhouse.
- 25 And it is important that I give you the

Page 13 1 WATERHOUSE - 10-19-21 2. opportunity to review any portion of the 3 document that you think you need in order to 4 fully and completely answer the question. 5 So I would ask you to let me know if 6 there is a portion of a document that you need 7 to see in order to fully and completely answer the question. Can you do that for me? 8 9 Α. Yes. 10 MS. DANDENEAU: Mr. Morris, I would 11 just note that we do have hard copies of 12 the documents that you sent, so if you can 13 just refer to the exhibit number as 14 reflected in the documents that you sent, 15 Mr. Waterhouse will be able to look at the 16 hard copies of those documents. 17 MR. MORRIS: I appreciate that, 18 and -- and I will encourage him to do so. 19 There will be other documents that we did 20 not send to you that we'll be using today 21 though. 22 Okay. With that as background, if Ο. there is anything that I ask you, sir, that you 23 24 don't understand, will you let me know? 25 Α. Yes.

Page 14 1 WATERHOUSE - 10-19-21 2 Are you currently employed? Q. 3 Α. Yes. 4 By whom? Ο. 5 The Skyview Group. Α. When did you become employed by the 6 Q. 7 Skyview Group? Α. I believe March 1st of 2021. 8 9 Q. Do you have a title at Skyview? 10 Α. Yes. What is your title? 11 Q. My title is chief financial officer. 12 Α. 13 Q. Do you report to anybody in your role as CFO? 14 15 Α. I don't, no. 16 Is there a president or a CEO Q. No. 17 of Skyview? 18 Α. Yes. 19 Q. Who is that? 20 Α. That is Scott Ellington. 21 But you don't report to Q. 22 Ellington; is that right? 23 Α. I don't think so. 24 0. Does Skyview Group --25 MS. DANDENEAU: Excuse me, we --

Page 15 1 WATERHOUSE - 10-19-21 2 I -- I -- I might. I just -- I Α. 3 don't recall. Okay. Does Skyview Group provide 4 any services to any entity directly or 5 6 indirectly owned or controlled by Jim Dondero? 7 Α. Yes. Can you name -- is that pursuant to 8 Ο. 9 written contracts? 10 Α. Yes. 11 And do you know how many contracts Q. 12 exist? 13 Α. Approximately six or so. 14 Q. And is the Skyview Group made up of 15 individuals who were formerly employees of Highland Capital Management, L.P.? 16 17 Α. No. 18 Q. Do you know how many -- how many -how many employees does Skyview have? 19 20 Α. Approximately 35. 21 And can you tell me how many of Q. 22 those 35 are former officers, directors, or 23 employees of Highland Capital Management, L.P.? 24 I don't know the exact number. Α. 25 Is it more than 20? Q.

Page 16 1 WATERHOUSE - 10-19-21 Α. Yes. 3 Is it more than 30? Ο. I don't know. 4 Α. 5 Can you tell me what portion of 0. 6 Skyview -- Skyview's revenue is derived from entities that are directly or indirectly owned 7 or controlled by Jim Dondero? 8 9 MS. DANDENEAU: Mr. Morris, I mean, 10 you called Mr. Waterhouse here individually 11 for purposes of his testimony in connection 12 with the noticed litigation. I have given you some leeway to ask him some background 13 14 information about Skyview Group, but this 15 is not a substitute for a deposition in 16 connection with any other pending disputes 17 that exist. And -- and we agreed to accept 18 the subpoena on the basis of he -- this is 19 testimony that he is giving in connection 20 with the noticed litigation. 21 I really think that you are now 22 going a little bit far afield from the 23 purpose of this deposition. 24 MR. MORRIS: Okay. It is -- I'm not intending to use these -- the answers to 25

Page 17 1 WATERHOUSE - 10-19-21 these questions for any purpose other than 3 this litigation. I think you understand fully why I'm asking the questions, and I 4 5 just have a couple more, if you will bear with me. 6 7 MS. DANDENEAU: Okay. MS. DEITSCH-PEREZ: Can we have an 8 9 agreement that an objection by one is an objection for any other party here? 10 11 MR. MORRIS: Sure. I would -- I 12 would encourage that, sure. 13 MS. DEITSCH-PEREZ: Thank you. 14 MR. MORRIS: It can't be sustained 15 or overruled more than one time, so... 16 Ο. Mr. Waterhouse, can you answer my question, please. 17 18 MS. DANDENEAU: Do you want to 19 repeat it, Mr. Morris, for his benefit? 20 MR. MORRIS: Sure. 21 Can you -- can you tell me the Q. 22 approximate portion of Skyview's revenue that 23 is derived from entities that are directly or 24 indirectly owned or controlled by Mr. Dondero? 25 I don't know the exact number. Α.

Page 18 1 WATERHOUSE - 10-19-21 2 Is it more than 75 percent? Q. 3 Α. Yes. Is it more than 90 percent? 4 Ο. 5 Α. I don't know. Okay. Can I refer to Highland 6 Q. 7 Capital Management, L.P., as Highland? Α. 8 Yes. All right. And you previously 9 Q. served as Highland's CFO; correct? 10 11 Α. Yes. 12 When did you join Highland? Q. 13 Α. I don't recall the exact date. 14 Q. Can you tell me what year? 15 Α. 2006. 16 When did you -- in what year did you Q. 17 become Highland's CFO? 18 I don't recall the exact date. Α. I'm not asking you for the exact 19 Q. 20 date. I'm asking you if you recall the year in 21 which you were appointed CFO. 22 I don't recall the exact year. Α. 23 Can you tell me which years it is Q. 24 possible that you were appointed to CFO of 25 Highland?

Page 19

1 WATERHOUSE - 10-19-21

- 2 A. 2011 or 2012.
- 3 Q. Did you serve as Highland's CFO on a
- 4 continuous basis from in or around 2011 or 2012
- 5 until early 2021?
- 6 A. Yes.
- 7 Q. During that entire time you reported
- 8 directly to Jim Dondero; correct?
- 9 A. I -- I don't know.
- 10 Q. Is there anybody else you reported
- 11 to -- withdrawn.
- 12 Did you report to Mr. Dondero for
- 13 some portion of the time that you served as
- 14 CFO?
- 15 A. Yes.
- 16 Q. Is there a portion of time that you
- don't recall who you reported to?
- 18 A. Yes.
- 19 Q. What portion of time do you have in
- 20 your mind when you can't recall who you
- 21 reported to?
- 22 A. From the 2011 to -- for
- 23 approximately a year or two.
- Q. Okay. So is it fair to say that you
- 25 reported to Mr. Dondero in your capacity as CFO

- 1 WATERHOUSE 10-19-21
- 2 from at least 2014 until the time you left
- 3 Highland?
- 4 MS. DANDENEAU: Objection to form.
- 5 A. I don't want to speculate the exact
- 6 or what year that changed or -- so I would like
- 7 to stick with my testimony.
- 8 Q. Can you recall when you began
- 9 reporting to Mr. Dondero?
- 10 A. I don't recall.
- 11 Q. Can you -- can you give me an
- 12 estimate of what year you think you might have
- 13 began reporting to Mr. Dondero?
- 14 A. I will go back to my prior
- 15 testimony.
- 16 Q. Okay. There is no -- you have no
- 17 ability to tell me when you began reporting to
- 18 Mr. Dondero.
- 19 Do I have that right?
- MS. DANDENEAU: Objection to form.
- 21 A. I don't recall.
- 22 Q. Okay. Do you recall who you might
- 23 have reported to before you began reporting to
- 24 Mr. Dondero?
- 25 A. Yes.

Page 21 1 WATERHOUSE -10-19-21Who might you have reported to in Ο. 3 your capacity as CFO before you started reporting to Mr. Dondero? 4 5 That would have been Patrick Boyce. Α. 6 Ο. Are you aware that Highland filed 7 for bankruptcy on October 19th, 2019? Α. 8 Yes. And we refer to that as the petition 9 Q. 10 date? 11 Α. Yes. 12 Okay. Do you hold any professional Q. 13 licenses, sir? 14 Α. Yes. 15 Q. Can you tell me what professional 16 licenses you hold? 17 I'm a certified public accountant. Α. 18 Okay. Anything else? Q. 19 Α. No. 20 Do you have any other professional Q. 21 licenses or certificates? 22 When you say "professional license," Α.

- 23 that is not education?
- Q. Tell me -- sure. Anything other
- 25 than a driver's license.

Page 22 1 WATERHOUSE -10-19-212 Do you have any other license or 3 certificate or certification? Are you asking, like, where I went 4 to school and the --5 6 0. I am not. I am not. I didn't say 7 education. I didn't ask about degrees. Do you know what a license is? 8 9 Α. Well, yeah, I mean, a license is 10 something you get after you receive a certain level of proficiency. 11 12 Do you have any licenses or Ο. 13 certifications other than your CPA? 14 MS. DANDENEAU: Objection, form. 15 I assume you mean professional 16 licenses, Mr. Morris; correct? 17 Can you answer my question, sir? Q. Mr. Morris, I'm thinking. I 18 Α. don't -- I don't think I have any others. 19 20 Are you familiar with an entity 0. called Highland Capital Management Fund 21 Advisors? 22 23 Α. Yes. 24 Were you ever -- can we refer to Ο.

25

that entity as HCMFA?

Page 23 1 WATERHOUSE - 10-19-21 2 Α. Yes. 3 Were you ever employed by HCMFA? Q. Not that I recall. 4 Α. 5 Were you ever -- did you ever hold Ο. the title of an officer or director of HCMFA? 6 7 Α. Yes. What title did you hold? 8 Q. 9 Α. Treasurer. 10 When did you become the treasurer of Q. 11 HCMFA? 12 Α. I don't recall. 13 Q. Can you tell me the year? 14 Α. I don't -- I don't know the year. 15 Q. Can you approximate the year in which you became the treasurer of HCMFA? 16 17 I don't know. Α. 18 Can you tell me if it was before or Q. after 2016? 19 20 Α. I don't recall. 21 Are you still the -- do you know if Q. 22 you're still the treasurer of HCMFA today? 23 Today, I am the acting treasurer for Α. 24 HCMFA. 25 Is there a distinction between Q.

Page 24 1 WATERHOUSE - 10-19-21

- 2 treasurer and acting treasurer?
- 3 A. I said "acting treasurer" as I am an
- 4 employee of Skyview, as you previously
- 5 stated -- or asked.
- 6 Q. But you are the treasurer of HCMFA
- 7 today; correct?
- 8 A. I am -- I am the acting treasurer
- 9 for HCMFA.
- 10 Q. How did you become the treasurer of
- 11 HCMFA?
- 12 A. Are you asking how I became the
- 13 treasurer of HCMFA today?
- 14 Q. How did you become appointed to
- 15 serve as the treasurer of HCMFA?
- 16 A. Well, in -- in -- in what time
- 17 capacity?
- 18 Q. The first time that you were
- 19 appointed.
- 20 A. First time. I believe I was asked
- 21 to serve as treasurer for HCMFA the first time.
- Q. By who? Who asked you to do that?
- 23 A. I don't recall.
- Q. Is there anything that would refresh
- 25 your recollection as to who appointed you as

- 1 WATERHOUSE 10-19-21
- 2 the treasurer of CF- -- HCMFA for the first
- 3 time?
- 4 A. I don't -- I mean, there would be
- 5 some documents, some legal documents. I don't
- 6 know where those are.
- 7 Q. How many times have you been
- 8 appointed the treasurer of HCMFA?
- 9 A. I don't know.
- 10 Q. Was it more than once?
- 11 A. I don't know.
- 12 Q. Can you tell me any period of time
- 13 since 2016 that you did not hold the title of
- 14 treasurer of HCMFA?
- MS. DANDENEAU: Objection to form.
- 16 A. I don't recall.
- 17 Q. What are your duties and
- 18 responsibilities as the treasurer of HCMFA?
- 19 A. My duties are to do the best job
- 20 that I can as the -- as an accountant and
- 21 finance quy.
- 22 Q. What specific duties and
- 23 responsibilities do you have as the treasurer
- 24 of HCMFA?
- A. My duties are to do the best job

- 1 WATERHOUSE 10-19-21
- 2 that I can as the accounting and finance person
- 3 for HCMFA.
- 4 Q. As the accounting and finance person
- 5 for HCMFA, do you have any particular areas of
- 6 responsibility?
- 7 A. Yeah, it is to manage the accounting
- 8 and finance function for HCMFA.
- 9 Q. Would that include -- do you have
- 10 responsibility for overseeing HCMFA's annual
- 11 audit?
- 12 A. Can I please elaborate on my prior
- 13 question?
- 14 Q. Of course. You -- you are giving
- 15 answers. I'm asking questions.
- 16 A. Okay. Yes, so the -- it -- like I
- 17 said, it is to manage the accounting finance
- 18 aspect, but I am, as we discussed, the
- 19 treasurer. That is -- being treasurer is what
- 20 gives me that -- that management function.
- 21 Q. Does anybody report to you in your
- 22 capacity as treasurer of HCMFA?
- 23 A. I don't believe so.
- Q. Does HCMFA have a chief financial
- 25 officer?

Page 27 1 WATERHOUSE - 10-19-21 Α. I don't -- I don't know. You don't know? 3 Q. You're the treasurer of HCMFA but 4 you don't know if HCMFA has a chief financial 5 officer. 6 7 Do I have that right? Α. That's right. 8 9 Okay. Have you heard of a company Q. 10 called NexPoint Advisors? 11 Α. Yes. 12 Q. We will refer to that as NexPoint. 13 Okay? 14 Α. Okay. 15 Q. Were you ever employed by NexPoint? 16 I don't recall. Α. 17 Did you ever hold any title with Q. respect to the entity known as NexPoint? 18 19 Α. Yes. 20 Q. What titles have you held in 21 relation to NexPoint? 22 Treasurer. I think it was only Α. 23 treasurer. 24 Ο. Can you tell me the approximate year you became the treasurer of NexPoint? 25

1 WATERHOUSE - 10-19-21
2 A. I don't know.

- 3 Q. Are you still the treasurer of
- 4 NexPoint today?
- 5 A. I am the acting treasurer for
- 6 NexPoint.
- 7 Q. When did your title change from
- 8 treasurer to acting treasurer?
- 9 A. I don't know.
- 10 Q. Did your duties and responsibilities
- 11 change at all when your title was changed from
- 12 treasurer to acting treasurer?
- 13 A. I don't -- I don't believe so.
- 14 Q. Why did --
- 15 A. I still manage the finance and
- 16 accounting function for NexPoint.
- 17 Q. Why did your title change from
- 18 treasurer to acting treasurer?
- 19 A. I don't -- I'm using the term
- 20 "acting treasurer" as I'm a Skyview employee.
- 21 I don't -- I don't know -- again, I am a -- as
- 22 I am the Skyview employee.
- 23 Q. Okay.
- 24 A. And we -- we provide officer
- 25 services.

Page 29 1 WATERHOUSE - 10-19-21 2 Q. And you serve as an officer of 3 HCMFA; correct? 4 I think we went over that with my 5 testimony. Yes, I'm the acting treasurer for 6 HCMFA. 7 And you are an officer of NexPoint; Ο. correct? 8 9 Α. I think -- I am the acting treasurer 10 for NexPoint Advisors. And -- and who appointed you acting 11 Ο. 12 treasurer of NexPoint Advisors? 13 Α. I don't recall specifically. Do you have any recollection of who 14 Q. 15 might have appointed you the treasurer of NexPoint? 16 17 I mean, it -- it -- I don't recall Α. exactly who it was. 18 19 Who were the possibilities? Q. 20 MS. DEITSCH-PEREZ: Object to the 21 form. 22 Ο. You can answer. 23 Someone in the legal group for Α. 24 NexPoint. The other officers as well.

Have you heard of a company called

25

Q.

Page 30 1 WATERHOUSE - 10-19-21 2. Highland Capital Management Services, Inc.? 3 Α. Yes. We will refer to that as HCMS. 4 0. 5 Okay? 6 Α. HCMS. Okay. 7 Were you ever employed by HCMS? Ο. 8 Α. No. 9 Have you ever held any titles in Q. 10 relation to HCMF -- I apologize -- HCMS? 11 Α. Yes. 12 What titles have you held in Q. 13 relation to HCMS? 14 Α. Treasurer and acting treasurer. 15 Q. When did you first become treasurer or acting treasurer of HCMS? 16 17 I don't recall the exact dates. Α. Can you recall -- can you 18 Q. 19 approximate the year that you became the 20 treasurer of HCMS? 21 I don't -- I don't know. Α. 22 Are you still the treasurer of HCMS Q. 23 today? 24 Α. I am the acting treasurer for HCMS. 25 And are your duties and Q.

Page 31 1 WATERHOUSE - 10-19-21 responsibilities as the acting treasurer for 3 HCMS and the acting treasurer for NexPoint the same as your duties and responsibilities in 4 your role as the acting treasurer of HCMFA? 5 6 Α. More or less. 7 Have you ever heard of a company called HCRE Partners, LLC? 8 9 Α. Yes. 10 And do you understand that that entity is now known today as NexPoint Real 11 12 Estate Partners? 13 Α. I did not know that. All right. Can we refer to HCRE 14 Q. 15 Partners as HCRE? 16 Objection to form. MS. DANDENEAU: 17 Did you mean NexPoint Real Estate Partners, Mr. Morris? 18 19 MR. MORRIS: No. 20 MS. DANDENEAU: Oh. 21 MR. MORRIS: He said he wasn't 22 familiar that it was succeeded by that 23 entity. So --24 MS. DANDENEAU: Okay. 25 MR. MORRIS: -- let's go with what

Page 32 1 WATERHOUSE - 10-19-21

- 2 the witness knows.
- 3 Q. You're familiar with an entity
- 4 called HCRE Partners, LLC; correct?
- 5 A. Yes.
- 6 Q. Okay. So that is the entity that we
- 7 will refer to as HCRE. If you're aware of any
- 8 successor, that is great. If not, let's just
- 9 define it as such.
- 10 Have you ever been employed by HCRE
- or any entity that you know to have succeeded
- 12 HCRE?
- 13 A. No.
- 14 Q. Did you ever serve as an officer or
- 15 director of HCRE or any successor?
- 16 A. Not that I recall.
- 17 O. Okay. Can we refer to NexPoint and
- 18 HCMFA as the advisors?
- 19 A. Yes.
- 20 Q. In general, the advisors provided
- 21 investment advisory services to certain retail
- 22 funds; correct?
- 23 A. Yes.
- O. And we will refer to the retail
- 25 funds that are served by the advisors

- 1 WATERHOUSE 10-19-21
- 2 collectively as the retail funds; is that okay?
- A. Okay.
- 4 Q. Each of the retail funds is governed
- 5 by a board; correct?
- 6 A. Yes.
- 7 Q. And do you know the people who serve
- 8 on the boards of the retail funds?
- 9 MS. DANDENEAU: Objection to form.
- 10 A. I don't know all of them.
- 11 Q. Do you know whether the same people
- 12 serve on the board of each of the retail funds
- 13 as we've defined that term?
- 14 A. Which -- so when you say "retail"
- 15 funds" -- again, I want to be -- what retail
- 16 funds are you referring to, because there are
- 17 -- there are several distinctions?
- 18 What retail funds are you using when
- 19 you refer to them?
- 20 Q. That is why -- that is why I tried
- 21 to define the terms. So let me do it again.
- 22 Retail funds for the purposes of
- 23 this deposition means any retail fund to which
- 24 either of the advisors provides advisory
- 25 services. Okay?

Page 34 1 WATERHOUSE - 10-19-21 2 Α. Okay. 3 Okay. So do you know whether the 0. 4 same people serve on the board of each of the retail funds? 5 6 Α. I don't know. 7 Were you ever employed by any of the Q. retail funds? 8 9 Α. No. 10 No? Q. 11 Α. No. 12 Okay. Do you have any title with Q. 13 respect to any of the retail funds? 14 Α. Yes. 15 Q. What titles do you hold --16 withdrawn. 17 Do you have the same titles with respect to all of the retail funds or do 18 19 they -- or just something else? 20 MS. DANDENEAU: Objection to form. 21 Withdrawn. Q. Do you have the same title with 22 23 respect to each of the retail funds? 24 Α. No. 25 Tell me which title you have with Q.

Page 35 1 WATERHOUSE - 10-19-21 2. respect to each retail fund. Actually, let's do it a different 3 4 I withdraw the question. 5 Can you give me one title you have in relation to any retail fund? 6 7 Α. Yes. What title -- what title can you 8 Ο. 9 give me? 10 Α. Principal executive officer. Do you serve as principal executive 11 Q. officer for each of the retail funds? 12 13 Α. No. Can you identify for me the retail 14 Q. 15 funds in which you serve as the principal executive officer? 16 17 Yes. Highland Funds 1, Highland Α. Funds 2, Highland Income Fund, Highland Global 18 19 Allocation Fund. 20 I'm sorry, you said "Global Q. 21 Allocation Fund"? 22 Α. Yes. 23 VIDEOGRAPHER: Excuse me, 24 Mr. Morris. This is the videographer.

concerned about the lighting in the

25

Page 36 1 WATERHOUSE - 10-19-21 witness' camera. 3 Do you want to go off the record and make some adjustments? 4 5 MR. MORRIS: Sure, but just for this 6 purpose. I don't want to take a break. 7 just started. MS. DANDENEAU: Yeah, that is fine. 8 9 That is fine. We're going to put you on 10 mute. 11 MR. MORRIS: All right. 12 MS. DANDENEAU: I'm going to try to 13 open up some of the shades. 14 VIDEOGRAPHER: We're going off the 15 record at 10:08 a.m. 16 (Recess taken 10:08 a.m. to 10:11 a.m.) 17 VIDEOGRAPHER: We are back on the record at 10:11 a.m. 18 Mr. Waterhouse, when did you become 19 Ο. 20 the principal executive officer of the four retail funds that you just identified? 21 22 I don't recall. Α. 23 Do you recall the approximate year Q. 24 that you became the principal executive officer of the four funds? 25

Page 37 1 WATERHOUSE - 10-19-21 2 Α. 2021. 3 Did you ever hold any title with 0. 4 respect to any of the four funds you have just 5 identified other than principal executive officer? 6 7 Α. I don't recall. Is it possible that you held a 8 Q. 9 position or a title with the four funds you 10 just identified prior to 2021? 11 Α. Yes. 12 But you don't recall if you did or O. 13 not; do I have that right? No. You -- I thought you asked, did 14 Α. 15 I hold other titles. 16 Did you hold any title at the four 0. retail funds for which you now serve as 17 principal executive officer at any time prior 18 19 to 2021? 20 Α. Yes. 21 What titles did you hold? Q. 22 I don't recall all the titles. Α. 23 Do you recall any of the titles? Q. 24 Α. Yes. 25 What titles do you recall holding at Q.

Page 38 1 WATERHOUSE - 10-19-21

- those four retail funds before 2021?
- 3 A. Principal executive officer.
- 4 Q. Were you the principal executive
- 5 officer of the four retail funds that you have
- 6 identified?
- 7 A. Sorry, could you repeat the
- 8 question?
- 9 Q. Were you the principal executive
- 10 officer for each of the four retail funds that
- 11 you have identified?
- 12 A. Yes.
- Q. When did you become the principal
- 14 executive -- withdrawn.
- 15 Can you give me the approximate year
- 16 that you became the principal executive officer
- for each of the four retail funds you've
- 18 identified?
- 19 A. I don't recall.
- Q. What are your duties and
- 21 responsibilities as the principal executive
- 22 officer of these four retail funds?
- A. It is to manage the finance and
- 24 accounting positions.
- Q. So at the same time you serve as the

- 1 WATERHOUSE 10-19-21
- 2 treasurer of the advisors, you also serve as
- 3 the principal executive officer of these four
- 4 retail funds; correct?
- 5 A. Yes.
- 6 Q. Did you ever hold any title with
- 7 respect to any other retail fund?
- 8 A. Not that I recall.
- 9 Q. During the period that you served as
- 10 Highland's CFO, from time to time Highland
- 11 loaned money to certain of its officers and
- 12 employees; correct?
- 13 A. Yes.
- 14 Q. During the period that you served as
- 15 Highland's CFO, from time to time Highland
- 16 loaned money to certain --
- 17 A. Let me -- let me retract that,
- 18 sorry, that -- you asked during the time I was
- 19 CFO, Highland loaned moneys to employees. I
- 20 don't -- I don't recall that during my tenure
- 21 of CFO.
- 22 Q. You have no recollection during the
- 23 time that you were the CFO of Highland of
- 24 Highland ever loaning any money to any officer
- 25 or director of Highland?

- 1 WATERHOUSE 10-19-21
- 2 A. I don't recall during my tenure of
- 3 Highland or my -- as CFO of Highland -- yeah,
- 4 if there are any loans as CFO of Highland.
- 5 Q. I'm just talking about officers and
- 6 employees right now. You have no recollection
- 7 of Highland ever making a loan to any of its
- 8 officers or employees during the time that you
- 9 served as CFO. Do I have that right?
- 10 MS. DANDENEAU: Objection to form.
- 11 A. So I thought you were saying
- officers and employees as CFO, right, so there
- 13 were -- I mean, okay, yes.
- 14 Q. I would ask you to listen carefully
- 15 to my question. If I -- if I'm not clear, let
- 16 me know, but I'm really trying to be as clear
- 17 as I can.
- 18 A. I'm listening as carefully as I can,
- 19 and you are asking very specific questions in a
- 20 timeline. And I'm trying to answer your
- 21 questions as specifically as I can, and I
- 22 apologize if -- if I'm going back. I am -- you
- 23 are asking very specific questions. Thank you.
- Q. During the period that you served as
- 25 Highland's CFO, from time to time Highland

Page 41 1 WATERHOUSE - 10-19-21 2. loaned money to certain corporate affiliates; 3 correct? 4 MS. DANDENEAU: Objection to form. 5 Α. What are corporate affiliates? How about the ones that are in 6 Ο. 7 Highland's audited financial statements under the section entitled Loans to Affiliates. Why 8 9 don't we start with those. Do you have any 10 understanding of what the phrase "affiliates" 11 means? 12 MS. DANDENEAU: Objection to form. 13 Α. I understand what affiliates are, yet affiliates can have different meanings in 14 15 different contexts, so... 16 Why don't you -- why don't you tell Ο. me what your understanding of the term 17 "affiliate" is in relation to Highland Capital 18 Management, L.P. 19 20 Α. Is that a -- it depends on the 21 context. 22 How about the context of making 0. 23 loans? 24 MS. DANDENEAU: Objection to form.

I didn't make the determination of

25

Α.

1 WATERHOUSE - 10-19-21

- 2 who an affiliate was or is at the time those --
- 3 I didn't -- that wasn't my job to make a
- 4 determination of who an affiliate is.
- 5 Q. All right. So as the CFO of
- 6 Highland, do you have any ability right now to
- 7 tell me which companies that were directly or
- 8 indirectly owned and/or controlled by
- 9 Mr. Dondero in whole or in part received loans
- 10 from Highland Capital Management, L.P.?
- MS. DANDENEAU: Objection to form.
- 12 MS. DEITSCH-PEREZ: Objection, form.
- 13 A. Yes.
- 14 Q. Okay. Identify every entity that
- 15 you can think of that was directly or
- indirectly owned and/or controlled by
- 17 Mr. Dondero in whole or in part that received a
- 18 loan from Highland Capital Management, L.P.
- MR. RUKAVINA: Objection, legal
- 20 conclusion.
- 21 A. NexPoint Advisors, Highland Capital
- 22 Management Fund Advisors, HCM Services,
- 23 Dugaboy. Sorry, I don't think -- Dugaboy
- 24 doesn't fit that definition. You said owned
- 25 and controlled. I don't think that that

Page 43 1 WATERHOUSE - 10-19-21 2. definition --3 I said owned and/or controlled. Ο. 4 I don't -- again, I'm not -- I'm not Α. 5 the legal expert. I don't think it controls --6 he controls Dugaboy, so again, I'm not the 7 legal person. I'm not asking you for a legal 8 0. 9 conclusion, sir. I'm asking you for your 10 knowledge, okay, as the CFO -- the former CFO of Highland Capital Management, other than 11 12 NexPoint, HCMFA, and HCMF -- HCMS, can you 13 think of any other entities that were owned 14 and/or controlled directly or indirectly in 15 whole or in part by Jim Dondero who received a 16 loan from Highland Capital Management, L.P.? 17 MS. DANDENEAU: Objection to form. 18 Α. HCRE. 19 Any others? Q. That is -- that is all I can think 20 Α. 21 of. 22 And you're aware that from time to Ο. 23 time while you were the CFO, Highland loaned 24 money to Jim Dondero; correct?

25

Α.

Yes.

Page 44 1 WATERHOUSE -10-19-21Can we refer to the four Ο. Okav. 3 entities that you just named and Mr. Dondero as 4 the affiliates? 5 Α. So that would be Jim Dondero, NexPoint Advisors, Highland Capital Management 6 7 Fund Advisors, and HCRE. And HCMS? 8 Q. 9 And HCMS, okay. Α. 10 And can we refer to the loans that 0. were given to each of those affiliates as the 11 12 affiliate loans? 13 Α. Yes. And is it fair to say that each of 14 Ο. 15 the affiliates were the borrowers under the affiliate loans as we're defining the term? 16 17 MR. RUKAVINA: Objection, legal 18 conclusion. The borrowers are whoever were on 19 Α. 20 the notes. I don't -- I don't know. I'm not 21 the legal person. 22 Ο. But you --23 Α. I don't know.

CFO, that each of the affiliates that you have

You do know, as Highland's former

24

25

Ο.

Page 45 1 WATERHOUSE - 10-19-21 2. identified tendered notes to Highland; correct? 3 MR. RUKAVINA: Hey, John, will you 4 just give me a running objection to legal 5 conclusion to HCM --6 MR. MORRIS: No. No, if you want to 7 object --MR. RUKAVINA: I will object every 8 9 time. Object to legal conclusion. 10 MR. MORRIS: That is fine. Sorry, can you repeat the question? 11 Α. 12 Are you aware that each of the --Q. 13 that each of the affiliates, as we have defined 14 the term, gave to Highland a promissory note in 15 exchange for the loans? 16 MR. RUKAVINA: Objection to the 17 extent that calls for a legal conclusion. 18 I don't. Α. 19 No, you don't know that? Ο. No, they didn't -- you said they 20 Α. exchanged a promissory note for a loan. I 21 don't -- I don't understand that question, so I 22 23 said no. 24 At the time of the bankruptcy 0. 25 filing, did Highland have in its possession

Page 46 1 WATERHOUSE -10-19-21promissory notes that were signed by each of 3 the affiliates? 4 Α. Yes. 5 To the best of your knowledge, 0. 6 during the time that you served as Highland's 7 CFO, did Highland disclose to its outside auditors all of the loans that were made to 8 affiliates? 9 10 MR. RUKAVINA: Objection, that calls 11 for a legal conclusion. 12 MS. DEITSCH-PEREZ: I also couldn't 13 hear you, John, because there was some 14 garbling on -- on the -- on the call. 15 MR. MORRIS: Folks, I've got to tell 16 you this is not going well, and I'm 17 reserving my right --18 MS. DANDENEAU: John, it was just 19 the end of that question. It was just the 20 end of that question. I couldn't hear it 21 either. Sorry, if you could repeat it, 22 please. 23 That is less than an MR. MORRIS: 24 hour into this, but folks are trying to run out the clock, and so I'm just going to 25

```
Page 47
 1
                  WATERHOUSE - 10-19-21
          state that now.
 3
                MS. DANDENEAU: You know, and,
 4
          Mr. Morris, I really object to that.
                                                  Ι
 5
          mean --
 6
                MR. MORRIS:
                              Okay.
 7
                MS. DANDENEAU: -- Mr. Waterhouse
          just told you he's trying to listen to your
 8
 9
          questions and answer them carefully, and
10
          you have no basis for saying that.
11
                MR. MORRIS:
                              Okay.
12
                MS. DANDENEAU: This does not --
13
          this is not an experienced witness, so he's
14
          trying to do the best he can.
15
                Mr. Waterhouse, during the time that
          Q.
     you served as Highland's CFO, did Highland
16
     disclose to its outside auditors all of the
17
     loans that it made to each of the affiliates
18
19
     that you have identified?
20
                MR. RUKAVINA: Objection, legal
21
          conclusion.
22
          Α.
                Yes.
23
                To the best of your knowledge, while
          Q.
24
     you were Highland's CFO, were all of the
25
     affiliate loans described in Highland's audited
```

Page 48 1 WATERHOUSE - 10-19-21 2. financial statements? 3 MR. RUKAVINA: Objection, legal conclusion. 4 5 When an audit was performed, any Α. 6 loans that were made by Highland to the 7 affiliates were disclosed to auditors. Are you aware of any loan that was 8 0. 9 made to any affiliate that was not disclosed to 10 the auditors? 11 Α. I'm not aware. 12 To the best of your knowledge, did O. each of the affiliates who were --13 14 (inaudible) -- loaned from Highland execute a 15 promissory note in connection with that loan? 16 MR. RUKAVINA: Objection, legal 17 conclusion. 18 Sorry, you -- halfway through the Α. 19 question it got muffled. 20 Can you repeat that again? 21 To the best of your knowledge, did Ο. 22 every affiliate execute a promissory note in connection with each loan that it obtained from 23 24 Highland? 25 MR. RUKAVINA: Objection, legal

Page 49 1 WATERHOUSE - 10-19-21 conclusion. 3 Α. Yes. 4 You are not aware of any loan that 0. 5 any affiliate ever obtained from Highland where the affiliate did not give a promissory note in 6 return; is that fair? 7 Α. Yes, I'm not aware. 8 9 Q. And to the best of your knowledge, 10 did Highland loan to each affiliate an amount of money equal to the principal amount of each 11 12 promissory note? 13 MR. RUKAVINA: Objection, legal conclusion. 14 15 Α. Yes. 16 During the time that you served as Ο. CFO, did Highland ever loan money to 17 18 Mark Okada? 19 I -- I don't recall. Α. 20 Q. Did you ever see any promissory 21 notes executed by Mark Okada? 22 I don't recall. Α. 23 Do you know if Highland ever forgave Q. 24 any loan that it ever made to Mr. Okada?

I don't recall.

25

Α.

Page 50 1 WATERHOUSE -10-19-212 Do you recall if Mr. Okada paid back Q. 3 all principal and interest due and owing under 4 any loan he obtained from Highland? 5 MS. DEITSCH-PEREZ: Objection to form. 6 7 MS. DANDENEAU: Objection to form. I don't recall. Α. 8 9 Do you recall whether -- during your Q. 10 time as CFO, whether Highland ever loaned money to Jim Dondero? 11 12 Α. Yes. 13 0. To the best of your knowledge, did 14 Mr. Dondero sign and deliver to Highland a 15 promissory note in connection with each loan that he obtained from Highland? 16 17 If you are referring to the Α. promissory notes that, you know, part of 18 19 Highland's records, yes. 20 Ο. Okay. You're not aware of any loan that Mr. Dondero took from Highland that wasn't 21

- 22 backed up by -- by a promissory note with a
- 23 face -- with a principal amount equal to the
- 24 amount of the loan; correct?
- 25 Am I aware that Jim Dondero took a Α.

Page 51

WATERHOUSE - 10-19-21

- 2 loan?
- 3 Q. Without giving a -- let me ask a
- 4 better question. I'm sorry, Mr. Waterhouse.
- 5 Are you aware of any loan that
- 6 Mr. Dondero obtained from Highland where he
- 7 didn't give a promissory note in return?
- 8 A. I'm not aware.
- 9 Q. During the time that you served as
- 10 Highland's CFO, did Highland ever forgive any
- loans, in whole or in part, that it made to
- 12 Mr. Dondero?
- 13 A. Not that I'm aware.
- 14 Q. At the time that you served as
- 15 Highland's CFO, did Highland ever forgive any
- 16 loan, in whole or in part, that it made to any
- 17 affiliate as we've defined the term today?
- 18 A. Not that I'm aware.
- 19 Q. During the time that you served as
- 20 Highland's CFO, did Highland ever forgive, in
- 21 whole or in part, any loan that it ever made to
- 22 any officer or employee?
- 23 A. Highland forgave loans to officers
- 24 and employees. It may not have been at the
- 25 time when my title was CFO.

Page 52 1 WATERHOUSE - 10-19-21

- Q. Okay. And so I appreciate the
- 3 distinction.
- Is it fair to say that, to the best
- 5 of your knowledge, Highland did not forgive a
- 6 loan that it made to an officer or employee
- 7 after 2013?
- 8 MS. DANDENEAU: Objection to form.
- 9 A. I don't recall.
- 10 Q. To the best of your knowledge, did
- 11 Highland disclose to its auditors every
- 12 instance where it forgave, in whole or in part,
- 13 a loan that it had made to one of its officers
- or employees?
- 15 A. No.
- 16 Q. Can you think of -- can you -- can
- 17 you identify any loan to an officer or employee
- 18 that was forgiven by Highland, in whole or in
- 19 part, that was not disclosed to Highland's
- 20 outside auditors?
- 21 A. Look, I don't recall all of the
- 22 loans and the loan forgiveness. I just know as
- 23 part of the audit process there is a
- 24 materiality concept.
- 25 So if there were loans to employees

- 1 WATERHOUSE 10-19-21
- 2 that were of -- you know, that were deemed
- 3 immaterial, those items may not have been
- 4 disclosed by the team to the auditors.
- 5 Q. I appreciate that.
- 6 Do you have an understanding as to
- 7 what the level of materiality was?
- 8 A. I don't recall.
- 9 Q. As the CFO of Highland, to the best
- 10 of your knowledge, did Highland disclose to its
- 11 outside auditors every loan that was forgiven,
- in whole or in part, that was material as that
- term was defined by the outside auditors?
- 14 A. Yes.
- 15 Q. And do you recall where -- do you
- 16 recall where the definition of materiality can
- 17 be found for -- for this particular purpose?
- MS. DANDENEAU: Objection to form.
- 19 A. No. You -- I don't determine
- 20 materiality.
- 21 Q. Okay. I'm just asking you if you
- 22 can help me understand where it is, but I think
- 23 we will find it in a few minutes.
- You are aware that Highland has
- 25 commenced lawsuits against each of the

- 1 WATERHOUSE 10-19-21
- 2 affiliates, as we've defined the term, to
- 3 collect under certain promissory notes; is that
- 4 right?
- 5 A. Yes.
- 6 Q. And are you familiar with the notes
- 7 that are issue -- at issue in the lawsuits?
- 8 MS. DANDENEAU: Objection to form.
- 9 A. Generally familiar.
- 10 O. Can we refer to the lawsuits that
- 11 Highland has commenced against the affiliates
- 12 collectively as the lawsuits?
- 13 A. Yes. And, again, the affiliates are
- 14 NexPoint, HCMFA, HCMS, and HCRE.
- 15 Q. And Mr. Dondero?
- 16 A. Okay. See, that is a new -- and now
- 17 Mr. Dondero is included in your affiliate
- 18 definition.
- 19 O. I just --
- 20 A. I thought affiliates -- I thought
- 21 affiliates were just the four prior entities,
- 22 so I just want to be clear.
- Q. I appreciate that. So let's --
- let's keep them separate and let's refer to the
- 25 four corporate entities as the affiliates, and

- 1 WATERHOUSE 10-19-21
- 2 Mr. Dondero we will call Mr. Dondero. Okay?
- 3 A. Okay. Thank you. As you can see,
- 4 Mr. Morris, there is a lot of entities -- a lot
- 5 here. I just want to be clear.
- 6 Q. Okay. Now, the affiliates of
- 7 Mr. Dondero signed promissory notes that are
- 8 not subject to the lawsuit.
- 9 Do you understand that?
- MS. DANDENEAU: Objection to form.
- 11 A. The affiliates and Mr. Dondero
- 12 signed --
- Q. You know what? I will skip it.
- 14 That is okay. Okay.
- 15 From time to time while you were
- 16 Highland's CFO, payments were applied against
- 17 principal and interests that were due under the
- 18 notes that were tendered by the affiliates and
- 19 Mr. Dondero; correct?
- MR. RUKAVINA: Objection to the
- 21 extent that calls for a legal conclusion.
- 22 A. Yes.
- Q. Did Highland have a process where --
- 24 whereby payments would be applied against
- 25 principal and interest against the notes that

Page 56 1 WATERHOUSE - 10-19-21 2 were given by the affiliates and Mr. Dondero? 3 Α. Yes. Can you describe the process for me? 4 Ο. 5 The process, payment should be Α. 6 applied as laid out in the -- in the promissory 7 note. From time to time were payments made 8 0. 9 that were not required under the promissory 10 notes? 11 MS. DANDENEAU: Objection to form. 12 Α. Yes. 13 Who was responsible for deciding Q. 14 when and how much the payments would be made 15 with respect to each of the notes that were 16 issued by the affiliates and Mr. Dondero? 17 Who was responsible for deciding how Α. much was paid prior to the due date? 18 19 Q. Yes. 20 Α. I don't know. 21 Did you approve of each payment that Q. 22 was made against principal and interest on the

23 notes that were given by the affiliates and 24 Mr. Dondero?

MS. DANDENEAU: Objection to form.

Page 57 1 WATERHOUSE -10-19-212 Α. Did I approve the payments? approve -- I approve -- if there was cash -- if 3 there was cash being repaid on a note payment, 4 5 yes, I approved in the general sense of being 6 made aware of the payment and the amount. 7 And are you the person who authorized Highland's employees to effectuate 8 9 those payments? 10 Α. Yes. When you gave the instruction to 11 Q. effectuate the payment, did you obtain 12 13 Mr. Dondero's prior approval? I mean, it -- I mean, it -- it 14 Α. 15 depends. 16 Can you think of any instance where 0. you directed Highland's employees to make a 17 payment of principal or interest against any 18 19 note that was tendered by an affiliate or 20 Mr. Dondero that Mr. Dondero did not approve of 21 in advance? 22 I can't recall specifically. Α.

APP 193

payment that was made against principal and

Can you identify -- withdrawn.

Did Mr. Dondero ever tell you that a

23

24

25

Q.

- 1 WATERHOUSE 10-19-21
- 2 interest due under one of the notes that was
- 3 tendered by an affiliate or himself should not
- 4 have been made?
- 5 A. Yes.
- Q. Can you identify the payment for me?
- 7 A. It would be for -- for NexPoint
- 8 Advisors.
- 9 Q. Okay. And when did Mr. Dondero tell
- 10 you that a payment that you had initiated on
- 11 behalf of NexPoint should not have been made?
- 12 A. I wasn't initiating payment. It was
- in the context of the -- I think you used this
- 14 term, "the advisors," so NexPoint Advisors and
- 15 Highland Capital Management Fund Advisors had
- 16 overpaid on certain agreements with Highland
- 17 Capital Management, L.P. And as a part of that
- 18 process, the advisors -- what I was told at the
- 19 time were in talks and negotiations and
- 20 discussions with Highland Capital Management,
- 21 L.P., on offsets in relation to those
- 22 overpayments.
- Q. When did this conversation take
- 24 place?
- MS. DANDENEAU: Objection to form.

Page 59 1 WATERHOUSE - 10-19-21 I don't recall specifically. Α. 3 Do you recall what year it was? Q. 4 Α. Yes. 5 What year did the conversation with Q. 6 Mr. Dondero take place that you just described? 7 Α. 2020. Okay. Do you remember if it was 8 Ο. December 2020? 9 10 It -- it -- I don't -- I don't Α. recall what month specifically, but it would 11 12 have been November or December. And we're talking here about a 13 Ο. 14 payment of principal and/or interest that was 15 due -- withdrawn. 16 We're talking here about a payment of principal and interest that was applied 17 against NexPoint's note; correct? 18 19 MS. DANDENEAU: Objection to form. 20 Α. I don't recall what that payment 21 consisted of. 22 Is it possible that the payment you 0. have in mind related to the shared services 23 24 agreement?

MS. DANDENEAU: Objection to form.

25

Page 60 1 WATERHOUSE - 10-19-21 2 Α. No. 3 Are you certain that the payment --0. 4 that the payment that you have in mind related to the promissory note that NexPoint issued in 5 6 favor of Highland? 7 MS. DANDENEAU: Objection to form. Α. 8 Yes. 9 Okay. Other than that one payment, Q. 10 can you identify any other instance where Mr. Dondero told you that a payment should not 11 have been applied against principal and 12 13 interest under any promissory note tendered by 14 any affiliate or Mr. Dondero? 15 MS. DANDENEAU: Objection to form. 16 Objection to MS. DEITSCH-PEREZ: 17 form. 18 Not that I recall. Α. 19 Thank you very much. Q. Do you know if Mr. Dondero approved 20 21 in advance of each loan made to each affiliate and himself during the time that you were the 22 23 CFO? 24 MS. DEITSCH-PEREZ: Object to the 25 form.

WATERHOUSE - 10-19-21

Page 61

- 2 A. Yes, generally.
- 3 Q. Can you identify any loan that was
- 4 ever made to an affiliate or to Mr. Dondero
- 5 that Mr. Dondero did not approve of in advance?
- 6 A. Other than the ones that are in
- 7 dispute, I'm not aware.
- 8 Q. Do you believe that Mr. Dondero did
- 9 not approve of each of the loans that are in
- 10 dispute in advance of the time that the loan
- 11 was made?

1

- MS. DANDENEAU: Objection to form.
- 13 A. Given what is in the dispute, you
- 14 know, and -- and -- and the way things might --
- 15 yeah, I mean...
- 16 Q. I am not asking about the dispute,
- 17 and it was probably my mistake to follow you
- 18 there.
- 19 Were you aware of every loan made by
- 20 Highland to each of its affiliates and
- 21 Mr. Dondero while you were the CFO at the time
- 22 each loan was made?
- 23 A. Was I aware of every loan, yes.
- Q. Okay. And if you put yourself back
- in time, do you recall that any of the loans

- 1 WATERHOUSE 10-19-21
- 2 that were made to one of the affiliates or
- 3 Mr. Dondero during the time that you were the
- 4 CFO was made without Mr. Dondero's prior
- 5 knowledge and approval?
- 6 A. Not that I recall.
- 7 Q. Thank you. In fact, do you -- as
- 8 the CFO, would you have allowed Highland to
- 9 loan money to an affiliate or to Mr. Dondero
- 10 without obtaining Mr. Dondero's prior approval?
- MS. DANDENEAU: Objection to form.
- 12 A. I can't -- there was so many times
- over the years, I can't speak for every single
- 14 one, but generally, yes, I -- I spoke to him.
- 15 Q. You -- you never -- you never --
- 16 withdrawn. I will just take that.
- 17 Can you recall any payment that was
- 18 ever made against principal and interest on a
- 19 note that was issued in favor of Highland by an
- 20 affiliate or Mr. Dondero that you personally
- 21 did not know about in advance?
- 22 A. There are so many through the years,
- 23 I don't -- I don't -- I don't recall every
- 24 single one.
- Q. Okay. Can you identify any payment

Page 63 1 WATERHOUSE - 10-19-21 that was made against principal and interest on 2. 3 any note tendered by any affiliate or Mr. Dondero that you didn't know about in 4 5 advance? I don't recall. 6 Α. 7 Other than Mr. Dondero -- withdrawn. Ο. Did anybody at Highland have the 8 9 authority to make a payment against principal 10 and interest due under a loan given to the affiliates and Mr. Dondero without your 11 knowledge and approval? 12 13 MS. DANDENEAU: Objection to form. Sorry, there was -- to make a 14 Α. 15 payment on an affiliate loan, what you are saying would it require my knowledge and 16

- 18 Q. Okay. I appreciate that. Thank
- 19 you.

17

approval, yes.

- 20 Did anybody at Highland have the
- authority, to the best of your knowledge, to 21
- effectuate a loan to an affiliate without 22
- Mr. Dondero's prior knowledge and approval? 23
- 24 MS. DANDENEAU: Objection to form.
- 25 I can't speak for all, but Α.

Page 64 1 WATERHOUSE - 10-19-21

- 2 generally, yes.
- 3 Q. Did you personally communicate with
- 4 Mr. Dondero to let him know each time a payment
- 5 of principal or interest was being made against
- 6 any note that was tendered by an affiliate or
- 7 Mr. Dondero to Highland?
- 8 A. I don't -- are you saying, did I let
- 9 Mr. Dondero know if a payment was made on any
- 10 affiliate or loan to Mr. Dondero? I mean,
- 11 not -- not every -- no.
- 12 Q. Let me ask it this way: Did you
- 13 have a practice of informing Mr. Dondero when
- 14 payments were made against principal and
- interest on any note that was tendered by an
- 16 affiliate or Mr. Dondero?
- 17 MS. DEITSCH-PEREZ: Objection to
- 18 form.
- MS. DANDENEAU: Objection to form.
- 20 A. No, I did not.
- 21 Q. Did Mr. Dondero ever tell you that a
- 22 payment of principal or interest had been made
- 23 against a note that was tendered by an
- 24 affiliate or himself that he had been unaware
- 25 of?

Page 65 1 WATERHOUSE - 10-19-21 Not that I recall. Α. Are you aware that Mr. Dondero and 3 0. 4 the affiliates -- withdrawn. 5 Are you aware that Mr. Dondero 6 NexPoint, HCRE, and HCMS all contend that they 7 do not have to pay on any of the notes they issued because they are subject to an oral 8 9 agreement between Mr. Dondero and Nancy 10 Dondero, in her capacity as the trustee of the Dugaboy Investment Trust? 11 12 MS. DANDENEAU: Objection to form. 13 Α. I didn't -- I didn't -- I didn't 14 know that it was all notes. 15 Okay. Are you -- did you ever learn Q. that there was an oral agreement between Jim 16 Dondero and Nancy Dondero pertaining to any 17 notes issued by any affiliate or Mr. Dondero? 18 19 MS. DEITSCH-PEREZ: Object to the 20 form. 21 Yes. Α. 22 Do you have any understanding as to Ο. 23 the terms of that agreement? 24 Α. Yes.

What is your understanding of the

25

Q.

Page 66 1 WATERHOUSE - 10-19-21 2. terms of the agreement? 3 Α. That there were certain milestones 4 that had to be reached. 5 Do you have any understanding of the Ο. 6 terms of the agreement between Mr. Dondero and 7 Nancy Dondero concerning any of the notes issued by the affiliates or Mr. Dondero other 8 than that there have to be milestones reached? 9 10 MS. DEITSCH-PEREZ: Object to the 11 form. 12 There are milestones, I found out Α. yesterday, or there was some --13 14 MS. DANDENEAU: Okay. I'm just 15 going to object to the extent that you 16 learned anything in conversations with 17 counsel, please don't reveal -- that is 18 privileged, and don't reveal any privileged 19 communications. 20 THE WITNESS: Okay. 21 So I'm not aware of anything else. Α. 22 Do you know what the milestones Ο. 23 were? 24 MS. DANDENEAU: Objection to form. 25 I don't. Α.

Page 67 1 WATERHOUSE - 10-19-21 2 Do you know anything about -- do you Ο. 3 know what promissory notes the agreement 4 covered? 5 I don't. Α. 6 0. Do you know if -- if Jim and Nancy 7 Dondero entered into one agreement or more than one agreement? 8 9 MS. DEITSCH-PEREZ: Object to the 10 form. 11 I don't know. Α. 12 Do you know if the agreement is in Q. 13 writing? 14 Α. I don't know. 15 Q. How did you learn of the existence of the agreement? 16 17 MS. DANDENEAU: Objection to form. 18 Again --I don't -- I don't recall who told 19 Α. 20 me. 21 You have no recollection of who told Ο. 22 you about this agreement between Jim and Nancy Dondero? 23 24 MS. DEITSCH-PEREZ: Object to the 25 form.

Page 68

1 WATERHOUSE - 10-19-21

- 2 A. I don't recall.
- 3 Q. Do you recall how you learned of the
- 4 agreement?
- Was it in a meeting? Was it in a
- 6 phone call? Was it in an email?
- 7 A. I don't recall.
- 8 Q. Do you recall when you learned of
- 9 the agreement?
- 10 A. Not specifically.
- 11 Q. Do you recall what year you learned
- 12 of the agreement?
- 13 A. In -- look, I mean, there are so
- 14 many notes. I may be getting -- I believe it
- 15 was 2020.
- 16 Q. All right. I'm not asking about
- 17 notes, sir. I'm asking about the agreement
- 18 that you testified you knew about between Jim
- 19 and Don- -- Nancy Dondero. Okay.
- 20 Do you understand my question now?
- 21 Should I ask my question again?
- 22 A. Yeah, sure. Go ahead.
- 23 Q. I'm going to use the word
- 24 "agreement" to refer to the agreement that
- 25 Mr. Dondero and Nancy Dondero entered into

Page 69 1 WATERHOUSE - 10-19-21 where you understood that certain milestones 3 had to be reached. Okay? 4 Α. Uh-huh. 5 MS. DANDENEAU: Objection. 6 MS. DEITSCH-PEREZ: Object to the 7 form. 8 MR. MORRIS: Just defining a term, 9 what is the objection. 10 MS. DEITSCH-PEREZ: The objection --11 MR. MORRIS: I will move on. 12 move on. 13 MS. DEITSCH-PEREZ: John --14 Q. Sir, are you okay with that 15 definition of agreement? 16 Α. Okay. 17 Okay. So you don't recall who --0. who informed you of the existence of the 18 19 agreement; is that right? 20 Α. I don't recall. 21 You don't recall who told you the 0. 22 terms of the agreement. 23 Do I have that right? 24 Α. Correct. 25 And you don't recall if you learned Q.

Page 70 1 WATERHOUSE -10-19-212. about the agreement in a meeting, through an 3 email, or through a phone call. 4 Do I have that right? 5 I don't recall. Α. 6 Ο. Can you tell me when you learned of 7 the agreement? I don't -- I don't -- I don't Α. 8 9 remember specifically. 10 Can you tell me if you learned of the agreement before or after the petition 11 12 date? 13 Α. It would have been -- it would have been after. 14 Can you tell me if you learned of 15 Ο. the agreement before or after January 9th, 16 17 2020? 18 It would have been after. Α.

- Can you tell me if you learned of 19 Ο.
- 20 the agreement before or after you left Highland
- 21 Capital Management in February of 2021?
- 22 I don't -- I don't -- I don't know. Α.
- 23 It is possible that you learned of Q.
- it while you were a Highland employee. 24
- 25 Do I have that right?

- 1 WATERHOUSE 10-19-21
- 2 A. I don't remember the -- I mean, it
- 3 was sometime in 2021. I don't remember when.
- 4 Q. All right. So to the best of your
- 5 recollection, it was in 2021 but you don't
- 6 recall if it was before or after you ceased to
- 7 be a Highland employee.
- 8 Do I have that right?
- 9 A. Yeah, I mean, it was -- it was
- 10 likely after I was -- after I left Highland
- 11 because, if I put myself back into the last
- 12 days of -- of 2021, it was -- you know, the
- 13 communications with Mr. Dondero were -- were --
- 14 were -- there weren't as many communications
- 15 because of the circumstances.
- 16 Q. And so based on that you believe
- 17 that it is most likely that you learned of this
- 18 agreement sometime after you left Highland
- 19 employment?
- 20 A. I wouldn't use the term "most
- 21 likely." I don't recall specifically. I don't
- 22 recall.
- Q. Do you recall ever telling Jim Seery
- 24 about this agreement?
- 25 A. No, I don't -- I didn't tell

Page 72 1 WATERHOUSE - 10-19-21 2. Jim Seery. 3 Did you tell anybody at DSI about Ο. 4 this agreement? 5 Α. No. Did you tell any of Highland's 6 Ο. 7 independent directors about this agreement? Α. 8 No. Did you tell anybody at Pachulski 9 Q. Stang Ziehl & Jones about this agreement? 10 11 Α. No. 12 Did you tell any employee of Q. 13 Highland about this agreement? 14 Α. No. 15 MS. DANDENEAU: Mr. Morris, it has 16 been an hour and a half. Is this a good 17 time for a break? 18 MR. MORRIS: Sure. 19 Mr. Waterhouse, I will just remind Ο. 20 you that during the break please don't speak 21 with anybody about the deposition, the 22 substance of your testimony or anything else 23 concerning the deposition. Okay? 24 Α. Yes. 25 MR. MORRIS: So it is 11:02. We're

Page 73 1 WATERHOUSE - 10-19-21 2 at 11:02 your time. Let's come back, I 3 quess, at 15 -- at 11:15 your time. 4 VIDEOGRAPHER: We're going off the 5 record at 11:02 a.m. 6 (Recess taken 11:02 a.m. to 11:20 a.m.) 7 VIDEOGRAPHER: We are back on the record at 11:20 a.m. 8 9 Mr. Waterhouse, did you speak with Q. 10 anybody during the break about this deposition? Α. 11 No. 12 MS. DANDENEAU: Other than -- other 13 than his counsel. Did you speak to your counsel about 14 Q. 15 the substance of your deposition today? 16 No, I didn't bring it up. Α. I didn't ask you if you brought it 17 Q. I asked you if you had any conversation 18 with your lawyer about the substance of your 19 20 deposition. 21 MS. DANDENEAU: Yes, he did. 22 Can you tell me what the -- you 0. discussed? 23 24 MS. DANDENEAU: No, I object to 25 that. He's not going to answer. That is a

Page 74 1 WATERHOUSE - 10-19-21 privileged conversation. 3 MR. MORRIS: So I just want to make 4 sure that I understand. During the break 5 you spoke with your client about the 6 substance of this deposition; is that 7 right? 8 MS. DANDENEAU: Yes, John. 9 MR. MORRIS: And you refuse -- you 10 refuse to let your client tell me what was discussed; is that right? 11 12 MS. DANDENEAU: That's correct. 13 MR. MORRIS: You know, I had given the instruction prior to the break not to 14 15 speak with counsel. I would have 16 appreciated --17 MS. DANDENEAU: No, you didn't -actually, that is not true, Mr. Morris. 18 19 You said not to speak with anyone. We 20 never have interpreted that to mean conversations with counsel. That's never 21 22 been -- I have never, ever heard that 23 instruction. MR. MORRIS: Okay. We will -- we 24

will -- we will deal with it when and if we

25

Page 75 1 WATERHOUSE - 10-19-21 have to. Mr. Waterhouse, after learning about 3 0. 4 the agreement, did you ask anybody if the 5 agreement was reflected in a writing? 6 MS. DANDENEAU: Objection to form. 7 Α. No. Did you ask anybody if the terms of 8 Q. 9 the agreement were memorialized anywhere? 10 MS. DANDENEAU: Objection to form. 11 MR. MORRIS: What is the --12 Α. No. 13 MS. DANDENEAU: Well, because you 14 keep talking about this agreement and I --15 I -- I think, Mr. Morris, that is really not clear what you mean by "the agreement." 16 17 And maybe you can just go back and restate 18 what that is. 19 MR. MORRIS: Okay. Your client has 20 agreed with me twice on the definition, but 21 I will try one more time. 22 Mr. Waterhouse, do you understand Q. 23 that when I use the term "agreement," I'm 24 referring to the agreement between Jim and 25 Nancy Dondero concerning certain promissory

Page 76 1 WATERHOUSE - 10-19-21 notes where you learned that one of the terms 3 of the agreement was milestones reached? 4 Α. Okay. 5 Ο. And did you understand that that was 6 the -- the agreement that we were referring to 7 every time we used the word "agreement" in this deposition? 8 I don't know anything about this 9 Α. 10 agreement. So, look, I do -- it -- I don't 11 know whether --12 Let's -- let's try this again. Q. 13 Α. Yeah. Look, I don't know what this 14 agreement relates. 15 MS. DEITSCH-PEREZ: John, John --16 Q. Let me try --17 MS. DEITSCH-PEREZ: John, please let 18 the witness finish. 19 MR. MORRIS: Please stop. Please 20 stop. Please stop talking. 21 MS. DEITSCH-PEREZ: No, you stop. 22 Let the witness --23 MR. MORRIS: Stop talking. 24 MS. DEITSCH-PEREZ: -- finish -- you

interrupted him.

25

```
Page 77
 1
                  WATERHOUSE - 10-19-21
                MR. MORRIS: You know what, you
 2
 3
          guys, this is really wrong. It is really,
 4
          really wrong. Okay?
 5
                I had the witness agree not once,
          but twice to the definition of agreement.
 6
 7
          Okay? I'm going to try and do it a third
          time.
 8
 9
                MS. DANDENEAU: No, but, please,
10
          John, really --
11
                MR. MORRIS: No, please stop
12
          talking. Please. It is my deposition.
13
          Object to questions.
14
                MS. DANDENEAU: No, but also you
15
          instructed him that -- that if you were
16
          going -- if you were interrupting him, that
17
          he should remind you that you're
18
          interrupting him and -- and --
                MR. MORRIS: Let him do that.
19
20
          him do that.
21
                MS. DANDENEAU: Okay. Well, you --
22
                MR. MORRIS: Please stop talking.
23
                Okay. I don't know any of the
          Α.
24
     details of these agreements. I don't know
25
     anything about them. I heard -- someone -- I
```

- 1 WATERHOUSE 10-19-21
- 2 don't know who, I don't know when, as you
- 3 asked, sometime in '21, someone told me about
- 4 this -- or I don't honestly know -- I don't
- 5 even recall exactly how I was made aware of
- 6 this, but I was. I don't know -- I don't know
- 7 any of these details, and I'm getting -- again,
- 8 there is, you know, I -- I -- I had a passing
- 9 conversation with -- with Jim at some point
- 10 on -- on some -- on the executive comp, and I'm
- 11 getting confused of what is what, because
- 12 again, I don't know any of these details.
- 13 Q. Okay. Let me try again,
- 14 Mr. Waterhouse, and I apologize.
- 15 Are you aware of any agreement
- 16 between Jim Dondero and Nancy Dondero
- 17 concerning any promissory note that was given
- 18 to Highland by any affiliate or Mr. Dondero?
- 19 MS. DEITSCH-PEREZ: Object to the
- 20 form.
- 21 A. I've heard of an agreement. That
- 22 is -- that is -- I mean, if you are using aware
- as heard, sure.
- 24 O. And you understand that one of the
- 25 terms of the agreement is that it was based on

Page 79 1 WATERHOUSE -10-19-212. milestones that had to be reached; is that 3 right? MS. DANDENEAU: Objection to form. 4 5 That was one of the words that was Α. 6 used when I heard about it, yes. 7 And when you heard about this Ο. agreement that had a term in it concerning 8 milestones reached, did you ask the person who 9 10 was telling you about the agreement whether or not it was in writing? 11 12 I did not. Α. 13 Q. Did you ask any questions at all? MS. DANDENEAU: Objection to form. 14 15 Α. Not that I recall. But do you understand that going 16 Q. forward, we're going to refer to the agreement 17 as the agreement that you just described that 18 19 you were --20 MS. DANDENEAU: Object to the form. 21 Α. Yes. 22 Okay. You don't have any personal Ο. 23 knowledge concerning the terms of the

24

25

agreement; correct?

Page 80 1 WATERHOUSE - 10-19-21 form. You can answer. 3 0. I don't -- I heard about the 4 Α. 5 agreement. I don't know anything -- I heard 6 there was an agreement. That is -- again, as I 7 testified before -- I said before, heard about it, don't know the details. I believe it was 8 9 sometime this year. 10 Do you have any personal knowledge about the terms of the agreement, sir? 11 12 MS. DANDENEAU: Objection to form. 13 Α. Other than what I have previously discussed, I don't -- I don't know. 14 15 Q. Did -- did Mr. Dondero tell you about the existence of the agreement? 16 17 I don't recall. Α. Do you recall the source of your 18 Q. 19 information when you learned about the agreement? 20 21 No, I don't -- I don't recall. I Α. 22 don't remember. I just -- I heard about it 23 generally. I don't remember -- I don't remember who, how, if, how. I don't remember. 24

You know, Mr. Waterhouse, I just

25

Q.

Page 81 1 WATERHOUSE - 10-19-21 2. want to be clear that I never would have asked you to appear at this deposition if your name 3 hadn't been included in responses to discovery 4 5 as to somebody with knowledge about the -- who 6 was told about the existence of the agreement. 7 That is what prompted me do this, and I really do feel compelled to tell you that 8 9 I otherwise would never have called you as a 10 witness. So I regret that you're being put through this today. I had no intention of 11 burdening you or taking your time, but that is 12 13 the reason that we issued the subpoena is 14 because certain of the defendants identified 15 you as somebody --16 MS. DEITSCH-PEREZ: Mr. Morris, you 17 are here to ask questions, not to have --18 MR. MORRIS: I feel badly for the 19 I really do. guy. 20 MS. DEITSCH-PEREZ: I'm sure you do. 21 MR. MORRIS: I do. Stop. 22 MS. DEITSCH-PEREZ: You stop. 23 MR. MORRIS: I'm allowed. 24 MS. DEITSCH-PEREZ: No, you're not 25 allowed to have a chat with the witness.

Page 82 1 WATERHOUSE - 10-19-21 2 Okay. Well, I hope that you 0. appreciate what I'm saying here, 3 4 Mr. Waterhouse. 5 MS. DANDENEAU: All right. Let's go 6 ahead and ask questions, and again, you're 7 entitled to probe his -- his knowledge of -- whatever knowledge he has about 8 9 this -- this agreement and --10 MR. MORRIS: That is what I'm doing. 11 MS. DANDENEAU: -- he will answer 12 the questions to the best that he can. 13 MR. MORRIS: That is what I'm doing. 14 Q. Mr. Waterhouse, I take it you do not know which promissory notes issued by which 15 affiliates or Mr. Dondero are the subject of 16 this agreement; do I have that right? 17 18 Yes, I don't -- I don't know. Α. 19 Do you know of any way to determine Ο. 20 which promissory notes issued by the affiliates and Mr. Dondero are the subject of this 21 22 agreement other than asking Jim or Nancy 23 Dondero? MS. DANDENEAU: Objection to form. 24 25 I don't know. Α.

Page 83 1 WATERHOUSE - 10-19-21 2 Ο. Did you ever make --3 I don't know anything about these Α. 4 agreements. 5 Did you ever make any effort to Ο. 6 determine which promissory notes are subject to 7 this agreement? Α. No. 8 9 Did you ever ask anybody which Q. 10 promissory notes are subject to this agreement? 11 Α. No. 12 Do you know if there is a list O. 13 anywhere of the promissory notes that are 14 subject to this agreement? 15 Α. I'm not aware. Have you ever seen the terms of the 16 0. 17 agreement written down anywhere? 18 Α. No. 19 Have you ever asked anybody whether Ο. 20 the terms of the agreement were written down 21 anywhere? 22 Α. I have not. 23 Did learning about the agreement 0. 24 cause you to do anything in response?

MS. DANDENEAU: Objection to form.

25

Page 84 1 WATERHOUSE - 10-19-21 Α. No. 3 Did anybody ever describe to you the Ο. 4 nature of the milestones that you referred to earlier? 5 6 Α. No, I don't -- I don't have any 7 details of this. That is fine. 8 Q. 9 PricewaterhouseCoopers served as 10 Highland's outside auditors prior to the petition date; correct? 11 12 Α. Yes. 13 0. You refer to PricewaterhouseCoopers 14 as PwC? 15 Α. Yes. 16 PricewaterhouseCoopers audited 0. Highland's financial statements on an annual 17 18 basis; correct? 19 During my -- during my time as -- as Α. 20 CFO, yes, PricewaterhouseCoopers was the 21 auditor. 22 Do you know why Highland had its Ο. 23 annual financial statements audited each year? 24 Α. Generally. 25

Q.

Tell me your general understanding

- 1 WATERHOUSE 10-19-21
- 2 as to the reason why Highland had its annual
- 3 financial statements audited each year.
- 4 A. From -- from time to time, they were
- 5 used -- or asked for, as part of diligence or
- 6 transactions or -- or things of that nature.
- 7 Q. And were they given to third parties
- 8 for purposes of diligence or transactions from
- 9 time to time?
- 10 A. As far as I'm aware, yes.
- 11 Q. And was it your understanding as the
- 12 CFO that the third parties who received the
- 13 financial statements in diligence or
- 14 transactions was going to rely on those?
- MS. DANDENEAU: Objection to form.
- 16 A. I don't know -- I don't know gen --
- 17 I don't know specifically what they were going
- 18 to rely on. You know, we would get requests
- 19 for audited financial statements. I don't know
- 20 what they were relying on.
- 21 Q. And --
- 22 A. You would have to ask them.
- 23 Q. Did you personally play a role in
- 24 PwC's annual audit and the conduct of the
- 25 audit?

Page 86

WATERHOUSE - 10-19-21

- MS. DANDENEAU: Objection to form.
- A. During my tenure as CFO, I played a
- 4 very minimal role.
- 5 Q. What was the minimal role that you
- 6 played?
- 7 A. You know, again, it was -- it was to
- 8 check in with the team, to make sure that, you
- 9 know, audit -- the deadlines were being hit,
- 10 information was being presented to the auditors
- 11 in a -- in a timely fashion, but, you know,
- 12 other than that, it was a very capable team
- 13 that are still current employees of Highland
- 14 and, you know, they -- they conducted 99
- 15 percent of -- look, I don't want to give
- 16 percentages. I mean, this is -- but I -- I --
- 17 I played a minimal role towards the end.
- 18 Before during my earlier years as
- 19 CFO, I did more, and then as time went on, I
- 20 did less in it.
- 21 Q. Okay. Was there a person at
- 22 Highland who was responsible for overseeing
- 23 Highland's participation in PwC's audit during
- 24 the time that you were the CFO?
- 25 A. Yeah. I mean, there was -- there

- 1 WATERHOUSE 10-19-21
- 2 was a -- there was a point -- it varies. It
- 3 varies by year, in function, in time and, you
- 4 know, depending on the request, but yes, I
- 5 mean, there is -- there is -- there is
- 6 generally a point person of communication.
- 7 Q. And who was the point person from
- 8 2016 until the time you left Highland?
- 9 A. I don't -- I don't know
- 10 specifically, but it would have been, you
- 11 know -- you know, someone on the corporate
- 12 accounting team.
- 13 Q. And was there a head of the
- 14 corporate accounting team?
- 15 A. Yes, so -- yes.
- 16 Q. Who was the head of corporate
- 17 accounting for the five years prior to the time
- 18 you left Highland?
- 19 A. I don't -- if you're asking from
- 20 2016 on, I don't -- it was Dave Klos, but,
- 21 again, there was -- there was changes to the
- 22 team and the reporting structure. I don't
- 23 remember exactly when that happened during --
- 24 you know, over the last -- since 2016.
- Q. Did the folks who participated and

- 1 WATERHOUSE 10-19-21
- 2 ran the audit all report to you, directly or
- 3 indirectly?
- 4 A. Yes.
- 5 Q. And did you have any responsibility
- 6 for making sure that the audit report was
- 7 accurate before it was finalized?
- 8 A. Yeah. I mean, you know, that --
- 9 that is -- my responsibility to the auditors
- 10 was -- again, is -- and the CFO is to -- we are
- 11 providing accurate financial statements; right?
- 12 And -- and -- and as part of any
- 13 audit, we disclose all relevant information as
- 14 part of any audit.
- 15 Q. Okay. And as the CFO, did you take
- 16 steps to make sure that the audit report was
- 17 accurate?
- 18 A. I mean, I would say in a general
- 19 sense, yes. But, again, I mean, I had a
- 20 very -- I had a very capable and competent
- 21 team. I wasn't managing them.
- You know, part of what I do is I let
- 23 the team -- I want managers to grow. I want
- 24 managers to have rope. And that is -- you
- 25 know, I'm not a stand-behind-you type of guy.

- 1 WATERHOUSE 10-19-21
- 2 If you -- if you talk to my team members, I'm
- 3 not micromanaging people. I want people to
- 4 learn and grow in their function so they can go
- 5 on and do bigger and better things with their
- 6 careers.
- 7 And so, yes, generally I was
- 8 responsible for it, but I wanted the team to
- 9 learn and grow and be responsible for the bulk
- 10 of the audit.
- 11 Q. Did you personally review each audit
- 12 report before it was finalized to satisfy
- 13 yourself that it was accurate?
- 14 A. I don't -- I don't recall, you know,
- 15 for every single -- we're talking 2016, there
- 16 would have been three years, 2016 to '17, '18.
- 17 I don't -- we're -- we're going back
- 18 five years-plus. I don't -- you know, I don't
- 19 recall.
- 20 Q. Did you have a practice that you
- 21 employed to make sure that you were satisfied
- 22 that Highland's audit reports were true and
- 23 accurate to the best of your knowledge?
- A. I mean, our -- the practice was set
- 25 up with our -- the -- the practice to put

- 1 WATERHOUSE 10-19-21
- 2 together accurate audited or accurate financial
- 3 statements is to your control environment.
- So, you know, the -- so the practice
- 5 was to maintain a stable control environment
- 6 which then the output is -- is accurate
- 7 financial statements.
- 8 So -- so, you know, if I was
- 9 comfortable that the control environment was
- 10 operating, then, you know, that would dictate
- 11 how I would -- you know, what I might or might
- 12 not do in a given year.
- 13 Q. Okay. Do you recall ever being
- 14 uncomfortable with the control environment
- 15 during the period that you served as CFO?
- 16 A. Yeah. I mean, look, yes, there are
- 17 times -- you know, nothing is perfect. So
- 18 there were -- there were times when, yes, you
- 19 know -- there are times I learned I was
- 20 uncomfortable with the control environment, and
- 21 that is part of the management of the process
- 22 and having, you know -- and -- and working
- 23 through whatever obstacles present themselves.
- Q. Okay. Were you ever uncomfortable
- 25 with the control process as it related to

Page 91 1 WATERHOUSE - 10-19-21 2. reporting and disclosures of loans to 3 affiliates and Mr. Dondero? MS. DANDENEAU: Objection to form. 4 5 I don't -- I don't recall --Α. 6 0. So you don't recall --7 -- the --Α. MS. DANDENEAU: Mr. Morris --8 9 Α. I don't recall being uncomfortable. 10 But, again, we're going back several years. don't -- you know, the practice in an audit is 11 to disclose all information to the auditors. 12 13 And I don't -- I don't recall. As part of the process of the audit, 14 0. 15 did you sign what is sometimes referred to as a 16 management representation letter? 17 Α. Yes. 18 MR. MORRIS: Can we put up on the 19 screen a document that we have premarked as 20 Exhibit 33. 21 (Exhibit 33 marked.) 22 MS. DANDENEAU: Mr. Morris, that is 23 not in the binder; correct? 24 MR. MORRIS: Correct. 25 So you will see, Mr. Waterhouse, Q.

1 WATERHOUSE - 10-19-21

- 2 this is a letter dated June 3rd. And if we
- 3 could go to the signature page.
- 4 And do you see that you and
- 5 Mr. Dondero signed this document?
- 6 A. Yes.
- 7 Q. That is your signature; right?
- 8 A. Yes.
- 9 MR. MORRIS: Okay. Can you go back
- 10 to the top.
- MS. DANDENEAU: Mr. Morris, can you
- have somebody post this in the chat so that
- we have can have a copy of this, please.
- MR. MORRIS: Yeah, sure. Asia, can
- 15 you do that, please.
- 16 Q. Okay. Do you see at the bottom of
- 17 the second paragraph there is a reference to
- 18 materiality?
- 19 A. Yes.
- 20 Q. Okay. It says, Materiality used for
- 21 purposes of these representations is
- 22 \$1.7 million.
- Do you see that?
- 24 A. I do.
- Q. And did PwC set that level of

1 WATERHOUSE - 10-19-21

- 2 materiality?
- 3 A. Yes.
- 4 Q. And for purposes of the audit, did
- 5 PwC set the level of materiality each year?
- 6 A. Yes.
- 7 Q. Did that number change over time?
- 8 A. I'm not aware of what materiality is
- 9 every single year, so -- but, you know, this
- 10 number would likely fluctuate.
- 11 Q. Okay. I'm going to go back to a
- 12 question I asked you earlier today. And that
- is in connection -- this letter is issued in
- 14 connection with the audit for the period ending
- 15 12/31/2018; correct?
- 16 A. Yes.
- 17 Q. Okay. And is it fair to say that if
- 18 any -- actually, withdrawn. I'm going to take
- 19 it outside of this.
- If Highland ever forgave the loan to
- 21 any affiliate or any of its officers or
- 22 employees, in whole or in part, to the best of
- 23 your knowledge, would that forgiveness have
- 24 been disclosed in the audited financial
- 25 statements if it exceeded the level of

- 1 WATERHOUSE 10-19-21
- 2 materiality that PwC established?
- MS. DANDENEAU: Objection to form.
- 4 A. So, again, during my tenure as CFO,
- 5 and -- Highland -- it was -- it is required to
- 6 disclose any affiliate loans that are in excess
- 7 of materiality.
- Now, the forgiveness of those loans
- 9 may or may not -- I mean, since materiality
- 10 fluctuates every year, a -- you know, if a loan
- 11 was forgiven, it may or may not, you know --
- 12 and, look, I would want to consult the guidance
- 13 around this.
- 14 It is not something we do -- you
- 15 know, it is not -- you know, GAAP can be and
- 16 disclosures can be very specialized so, again,
- 17 we want to consult the guidance. But we would
- 18 see if and what would need to be disclosed if
- 19 it were deemed immaterial.
- 20 Q. Did you and Mr. Dondero sign
- 21 management representation letters of this type
- in each year in which you served as Highland's
- 23 CFO?
- 24 A. I -- I -- I will speak for myself.
- 25 I signed them. There may have been others that

- 1 WATERHOUSE 10-19-21
- 2 signed as well. I don't -- I don't recall.
- 3 Q. But to the best of your knowledge,
- 4 you, personally, signed a management
- 5 representation letter in connection with
- 6 Highland's audit each year that you served as
- 7 the CFO; correct?
- 8 A. I would say generally speaking,
- 9 Mr. Morris. I don't recall for every single
- 10 year, you know, generally, but I would want to
- 11 refer to all the rep letters and see who signed
- 12 them.
- 13 Q. Do you recall Highland having its
- 14 financial statements audited in any year during
- 15 the period that you were a CFO where you didn't
- 16 sign the management representation letter?
- 17 A. I don't recall. But, John, we're
- 18 going back five, six, seven, eight, nine,
- 19 decade. I don't -- I don't remember.
- 20 Q. I don't want to go back that many
- 21 decades, but I'm just asking you if you recall
- 22 that there was you didn't sign it?
- 23 A. I -- I -- I don't, but my memory
- 24 is -- again, I -- I -- I can't tell you what I
- 25 did in 2012. I mean, I think generally, yes,

- 1 WATERHOUSE 10-19-21
- 2 but I don't -- I don't know for sure, and I
- 3 would want to rely on the document.
- 4 Q. Let me ask the question a little bit
- 5 differently then.
- 6 Do you have any reason to believe
- 7 that Highland had its annual financial audit
- 8 and you did not sign a management
- 9 representation letter in connection with that
- 10 audit?
- MS. DANDENEAU: Objection to form.
- 12 A. I don't believe it would, but,
- 13 again, I would want to -- I don't recall and I
- 14 would want to confirm it to -- to make, you
- 15 know, an affirmative -- to give an affirmative
- 16 answer.
- 17 Q. Do you know whether PwC required
- 18 management to sign management representation
- 19 letters?
- MS. DANDENEAU: Objection to form.
- 21 A. Yes. I mean, it -- management
- 22 representation letters are signed by
- 23 management.
- Q. Okay. And do you know -- do you
- 25 have any understanding as to why PwC requires

Page 97 1 WATERHOUSE - 10-19-21 2. management to sign management representation 3 letters? MS. DEITSCH-PEREZ: Object to the 4 5 form. 6 Α. I don't know why PwC's -- what PwC's 7 specific practice is. I know generally what management representation letters are. 8 9 Q. Okay. Do you personally -- I'm not 10 asking about PwC. I'm asking for you -- I'm asking about you, do you have an understanding 11 as to why the auditor asks for management 12 13 representation letters? 14 Α. Okay. So you're asking me in my 15 personal capacity, yes, I have a general 16 understanding of why. 17 Can you give me the general 18 understanding that you have as to why 19 management representation letters are required? 20 Α. They are -- they are required to --21 they are -- they are one of the items required 22 in an audit to help verify completeness. 23 Ο. Do you have any -- any other 24 understanding as to why management

representation letters are required?

25

Page 98
WATERHOUSE - 10-19-21

- 2 A. That is -- that is -- other than
- 3 what I said, it is -- it is -- it is required
- 4 so -- to ensure that the -- you know, there
- 5 is -- there is completeness in what is being
- 6 audited.

1

- 7 Q. Did you -- did you have a practice
- 8 whereby you and Mr. Dondero conferred about the
- 9 management representation letters before you
- 10 signed them?
- 11 A. No.
- 12 Q. Did you have a practice --
- 13 withdrawn.
- Do you see just the next sentence
- 15 after the materiality, there is a sentence that
- 16 states: We confirm, to the best of our
- 17 knowledge and belief, as of June 3rd, 2019, the
- 18 date of your report, the following
- 19 representations made to you during your audit.
- 20 Do you see that sentence?
- 21 A. Yes.
- Q. Okay. Did you understand when you
- 23 signed this letter that you were confirming the
- 24 representations that followed?
- 25 A. When I signed this management

- 1 WATERHOUSE 10-19-21
- 2 letter -- representation letter, yes.
- 3 Q. Okay. Did you discuss this letter
- 4 with Mr. Dondero before you signed it?
- 5 A. I don't recall.
- 6 O. Do you recall if Mr. Dondero asked
- 7 you any questions before he signed the letter?
- 8 A. I don't recall.
- 9 Q. Do you recall if you asked
- 10 Mr. Dondero any questions before you signed
- 11 this letter?
- 12 A. I don't recall.
- 13 Q. Is it fair to say that Mr. Dondero
- 14 did not disclose to you the existence of the
- 15 agreement that we have -- as we've defined that
- 16 term prior to the time you signed this letter?
- 17 MS. DANDENEAU: Objection to form.
- 18 A. I don't think I understand the
- 19 question. So, again, you are saying, did
- 20 Mr. Dondero not disclose to me the existence of
- 21 this letter?
- Q. No, I apologize.
- 23 Did Mr. Dondero disclose to you the
- 24 existence of the agreement prior to the time
- 25 you signed this letter on June 3rd, 2019?

1 WATERHOUSE - 10-19-21

- 2 A. The agreement -- the agreement that
- 3 we talked about earlier?
- 4 Q. Correct.
- 5 A. Look, as I said earlier, the first
- 6 time I heard of this agreement was sometime
- 7 this year.
- 8 Q. Okay. Can we turn -- let's just
- 9 look at a couple of items on the list. If we
- 10 can go to page 33416. Do you see in Number 35
- 11 it talks about the proper recording or
- 12 disclosure in the financial statements of ND
- 13 relationships and transactions with related
- 14 parties.
- Do you see that?
- 16 A. I do.
- 17 Q. As the CFO, do you have any
- 18 understanding as to whether Dugaboy is a
- 19 related party?
- 20 A. I don't recall.
- 21 Q. Do you know whether any of the
- 22 affiliates are related parties?
- 23 A. If -- if it was NexPoint, HCMFA,
- 24 HCMS, HCRE, yeah, if -- if that is the
- 25 affiliate definition, and there. In ASC 850 --

- 1 WATERHOUSE 10-19-21
- 2 again, I mean, I haven't looked at ASC 850 in
- 3 quite some time, but, you know, if -- if there
- 4 is a control language, you know, ASC 850, would
- 5 that -- that section in GAAP would -- would
- 6 pick up and define what are related parties.
- 7 So, you know, like I said, if -- one
- 8 of the four entities I just described, if -- if
- 9 they are in that control definition of ASC 850,
- 10 they would be picked up in 35D.
- 11 Q. Do you -- do you have any reason to
- 12 believe that they would be picked up in that
- definition, based on your knowledge and
- 14 experience?
- 15 A. I -- I believe that entities
- 16 controlled under GAAP are -- are affiliates.
- 17 O. Okay. Would Mr. Dondero also
- 18 qualify as a related party for purposes of
- 19 Section 35D, to the best of your knowledge?
- 20 A. Yeah, I don't -- I don't know. I
- 21 would think -- I would have to read the code
- 22 section to see if someone personally -- is it
- 23 talking about related parties. So, look, if
- 24 your own in control, yeah, I mean, I would have
- 25 to read the section.

- 1 WATERHOUSE 10-19-21
- 2 Q. To the best of your knowledge, was
- 3 the existence of the agreement ever disclosed
- 4 to PwC?
- 5 A. I'm not -- I'm not aware.
- 6 Q. Do you recall if the agreement was
- 7 ever disclosed in Highland's audited financial
- 8 statements?
- 9 A. I don't -- I don't remember if it
- 10 was in every Highland's audited financial
- 11 statements during my tenure. We would have to
- 12 read the financial statements to see what was
- 13 disclosed, but I'm not -- I mean, as I sit here
- 14 today, I'm not aware.
- 15 Q. That is all I'm asking for.
- 16 A. I'm not aware.
- 17 Q. Can we go to the next page, please,
- 18 and look at 36. 36 says, we have disclosed to
- 19 you the identity of the partnership's related
- 20 party relationships and all the related party
- 21 relationships and transactions of which we are
- 22 aware.
- Do you see that?
- 24 A. Yes.
- 25 Q. To the best of your knowledge, as of

- 1 WATERHOUSE 10-19-21
- June 3rd, 2019, did Highland disclose to PwC
- 3 the identity of the partnership's related
- 4 parties and all the related party relationships
- 5 and transactions of which it was aware?
- 6 A. I mean, I can speak for myself as
- 7 signer of this representation letter. I
- 8 disclosed what -- what, you know, what --
- 9 what -- what I knew. Sorry, look, yes, so I --
- 10 I disclosed what I knew.
- 11 Q. Okay. Can we go to page 419. Do
- 12 you see at the end there is a reference to
- 13 events that occurred since the end of the
- 14 fiscal year and the date of the letter?
- 15 A. Yes.
- 16 Q. And were you aware of that -- of
- 17 that provision of the management representation
- 18 letter before you signed the document?
- 19 A. Yes.
- 20 Q. Do you have an understanding as to
- 21 why PwC asked for that confirmation of that
- 22 particular part of the management
- 23 representation letter?
- A. It is -- it is -- it is just -- it
- 25 is a typical audit request.

- 1 WATERHOUSE 10-19-21
- 2 Q. And do you understand -- do you have
- 3 an understanding that PwC wanted to know that
- 4 as of the date of the audit whether any
- 5 material changes had occurred since the end of
- 6 the fiscal year, using the definition of
- 7 materiality that is in this particular
- 8 management representation letter?
- 9 A. It -- it is -- it is a --
- 10 it is as described. It is just a poorly worded
- 11 question, so it is hard for me to say yes.
- 12 Q. If I asked you this, I apologize,
- 13 but did you ever learn when the agreement was
- 14 entered into?
- 15 A. I don't -- I don't -- like I said
- 16 before, I don't know or have any details of the
- 17 agreement.
- 18 Q. Okay. Did you ever ask anybody when
- 19 the agreement was entered into?
- 20 A. I did not.
- 21 Q. Let's look at the audited financial
- 22 statements. We will put up on the screen a
- 23 document that has been premarked as Exhibit 34.
- 24 (Exhibit 34 marked.)
- MS. DANDENEAU: And again, if Ms. La

Page 105 1 WATERHOUSE - 10-19-21 Canty could please put that in the chat 3 room, that would be great. 4 MR. MORRIS: I will assure you we 5 will put every document in the chat room. 6 Ο. Now, I'm just going to ask you 7 questions that are related to the provisions of this report that concern the affiliate loans, 8 9 but again, Mr. Waterhouse, if there is any part 10 of the document that you need to see or that you think you might need to see in order to 11 refresh your recollection to answer any of my 12 13 questions, will you let me know that? 14 Α. Yes. 15 Because this is a pretty lengthy Q. document, but do you see that the cover page 16 here is the Highland consolidated financial 17 statements for the period ending December 31st, 18 19 2018? 20 Α. Yes. 21 If we can go to -- I think it is the Q. 22 next one, looking for PwC's signature line. 23 I'm sorry, John, did you MS. CANTY: 24 say something? 25 MR. MORRIS: Yes, can we turn the

Page 106

WATERHOUSE - 10-19-21

- page. I think it is 215. Yes, stop right
- 3 there, just above -- I'm sorry, I want to
- 4 see just the date of the report.
- 5 Q. Okay. Do you see at the bottom of
- 6 that page there, Mr. Waterhouse,
- 7 PricewaterhouseCoopers has signed this audit
- 8 report?
- 9 A. Yes, I see their signature.
- 10 Q. Okay. And it is the dated same day
- 11 as your management representation letter; is
- 12 that right?
- 13 A. It is -- yes, it is the same day.
- 14 Q. Was that the practice to sign the
- 15 management representation letter on the same
- 16 day that the audit report was signed?
- 17 A. Yes, that is typical in every audit.
- 18 Q. Can we just scroll down to the
- 19 balance sheet on the next page.
- 20 Do you see that there is a line
- 21 there that says, Notes and Other Amounts Due
- 22 from Affiliates?
- 23 A. Yes.
- Q. Does that line, to the best of your
- 25 knowledge, include the amounts that were due

- 1 WATERHOUSE 10-19-21
- 2 under the affiliate under the notes signed by
- 3 the affiliates and Mr. Dondero?
- 4 MR. RUKAVINA: Objection to the
- 5 extent that calls for a legal conclusion.
- 6 A. I mean, I would want to see the
- 7 detail and the build to this \$173,398,000, but,
- 8 yes, I mean, if -- if -- given what we
- 9 discussed before, you know, it -- it should
- 10 capture that.
- 11 Q. And -- and while you were the CFO of
- 12 Highland, were all notes held by Highland that
- were issued by an affiliate or Mr. Dondero
- 14 carried as assets on Highland's balance sheets?
- MS. DANDENEAU: Objection to form.
- MS. DEITSCH-PEREZ: Object to form.
- 17 A. I don't -- I don't know how else
- 18 they would be carried.
- 19 Q. Okay. Can you think of any -- are
- 20 you aware of any promissory note issued by an
- 21 affiliate or Mr. Dondero that was not carried
- 22 on Highland's audited financial balance sheets?
- A. I'm -- I'm -- I'm not aware.
- Q. Okay. Are you aware of any category
- of asset on Highland's balance sheet in which

- 1 WATERHOUSE 10-19-21
- 2 any of the promissory notes issued by an
- 3 affiliate or Mr. Dondero would have been
- 4 included?
- 5 MS. DANDENEAU: Objection to form.
- 6 A. Sorry, am I aware of any asset of an
- 7 affiliate being included --
- 8 Q. That -- let me -- let me try again.
- 9 Do you see there is a number of
- 10 different assets that are described on this
- 11 balance sheet?
- 12 A. Yes.
- 0. One of the assets that is described
- 14 is Notes and Other Amounts Due from Affiliates;
- 15 right?
- 16 A. Yes.
- 17 O. And it is reasonable to conclude
- 18 that the notes from the affiliates and
- 19 Mr. Dondero are included in that line item;
- 20 right?
- 21 A. Yes, based on this description.
- 22 Again, I would want to see a build of this to
- 23 100 percent confirm, but based on the
- 24 description, the asset description, it is -- it
- 25 is likely.

Page 109 1 WATERHOUSE -10-19-212 Now, does that mean absolute? 3 don't know. 4 Do you have any reason to believe 5 that the promissory notes would have been 6 carried on the balance sheet in a category 7 other than Notes and Other Amounts Due from Affiliates? 8 9 If they were deemed -- no. If they Α. 10 were deemed an affiliate, you know, under GAAP, they should be carried in that line. 11 12 Otherwise, it would go into another line. Okay. And do you see the total 13 Ο. asset base as of December 31st, 2018, was 14 15 approximately \$1.04 billion? 16 Α. Yes. 17 Is my math correct that the Notes 0.

- and Other Amounts Due from Affiliates 18
- 19 constituted approximately 17 percent of
- 20 Highland's assets as of the end of 2018?
- 21 Well, so how are you defining Α.
- 22 Highland?
- 23 Highland Capital Management, L.P., 0.
- 24 the entity that this audit is subject to -- or
- 25 the subject of.

Page 110 1 WATERHOUSE - 10-19-21 2 On a consolidated or unconsolidated Α. 3 basis? 4 I'm looking at the balance sheet. 0. 5 It is a consolidated balance sheet. Okay? Does the Notes and Other Amounts Due 6 7 from Affiliates constitute approximately 17 percent of the total assets of Highland 8 9 Capital Management, L.P., on a consolidated 10 basis? 11 MS. DANDENEAU: Objection to form. 12 I don't have a calculator in front Α. 13 of me but I will take your math, if you are taking the 173 divided by the billion. 14 15 Q. Okay. 16 Α. If that is accurate, yes. But, again, on a consolidated basis. 17 18 And on an unconsolidated basis the Q. 19 percentage would be higher; correct? 20 Α. I -- no. I don't know. 21 Q. Well, okay. That is fair.

page 241, please.

Ο.

22

23

24

Do you see that this is a section of

MR. MORRIS: Can we turn to

- 1 WATERHOUSE 10-19-21
- 2 Other Amounts Due from Affiliates?
- 3 A. Sorry, I can't see the -- the --
- 4 Q. It is at the top.
- 5 A. Notes and Other Amounts Due from
- 6 Affiliates, yes, I see that. I don't -- I
- 7 don't have a page number, but I'm on a page
- 8 that says at the top: Notes and Other Amounts
- 9 Due from Affiliates.
- 10 Q. Okay. And that is the same title of
- 11 the line item on the balance sheet that we just
- 12 looked at; right? Notes and Other Amounts Due
- 13 from Affiliates?
- 14 A. Yes.
- 15 Q. And is it your understanding, based
- on your experience and knowledge as the CFO,
- 17 that this is the section of the narrative that
- 18 ties into the line item that we just looked at?
- 19 A. Yes.
- 20 O. And is this section of the audit
- 21 report intended to describe and disclose all of
- 22 the material facts concerning the Notes and
- 23 Other Amounts Due from Affiliates?
- MS. DANDENEAU: Objection, form.
- 25 A. This -- these notes -- these notes

- 1 WATERHOUSE 10-19-21
- 2 of the financial statements are -- the purpose
- 3 is to disclose any material items in relation
- 4 to that balance sheet line item.
- 5 Q. Okay. And all of the information,
- 6 to the best of your knowledge, that is set
- 7 forth in this section of the audit report was
- 8 provided by Highland; correct?
- 9 A. Yes, it would have been provided by
- 10 the corporate accounting team.
- 11 Q. Okay. And the corporate accounting
- 12 team, did that team report to you in the
- 13 organizational structure?
- 14 A. Yes.
- 15 Q. And did you have any concerns about
- 16 the controls that were in place to make sure
- 17 that the information provided with respect to
- 18 Notes and Other Amounts Due from Affiliates was
- 19 accurate and complete?
- MS. DANDENEAU: Objection to form.
- 21 A. Not that I recall.
- Q. Okay. Do you recall ever being
- 23 concerned that any portion of the Notes and
- 24 Other Amounts Due from Affiliates in any audit
- 25 report was inaccurate, incomplete, or not

Page 113 1 WATERHOUSE - 10-19-21

- 2 reliable?
- 3 A. I didn't -- I had concerns about,
- 4 you know, like I talked about before, of there
- 5 were -- there were potentially issues in the
- 6 control environment. But as far as it relates
- 7 to the audited financial statements, any -- the
- 8 team would work with the auditors to disclose
- 9 all -- all notes in Highland's possession.
- 10 And any -- any notes that were
- 11 deemed material by the auditor, right, these
- 12 were disclosed in these -- in this section, you
- 13 know, in -- in the notes to the consolidated
- 14 financial statements as you presented.
- 15 Q. Do you recall ever having a
- 16 conversation with anybody at any time
- 17 concerning the accuracy of the section of audit
- 18 reports that relates to Notes and Other Amounts
- 19 Due from Affiliates?
- MS. DANDENEAU: Objection to form.
- 21 A. You know, as -- as -- I didn't have
- 22 direct conversations with
- 23 PricewaterhouseCoopers as I had, you know --
- 24 I -- I had the team that managed this.
- 25 Again, I wasn't anywhere chose to

- 1 WATERHOUSE 10-19-21
- 2 being the point person of this audit. And I
- 3 can't recall, you know, when -- you know, I
- 4 don't even know if I was ever the point person
- 5 during my tenure as CFO.
- I don't know if PwC had any concerns
- 7 when they were performing those audit
- 8 procedures. They may have and they may have --
- 9 and it may not have been communicated to me. I
- 10 don't know.
- 11 MR. MORRIS: All right. I move to
- 12 strike.
- Q. And I'm going to ask you to listen
- 14 carefully to my question.
- 15 Did you -- do you recall ever having
- 16 a conversation with anybody at any time
- 17 concerning the accuracy of the reporting
- 18 provided in the audited financial statement on
- 19 the topic of Notes and Other Amounts Due?
- MS. DANDENEAU: Objection to form.
- 21 A. I don't recall for this, but that
- doesn't mean that it didn't exist.
- Q. Okay. But you have no reason to
- 24 believe, as you sit here right now, that you
- 25 ever discussed with anybody concerns over the

Page 115 1 WATERHOUSE - 10-19-21 2. accuracy of the section of the audit reports 3 called Notes and Other Amounts Due from 4 Affiliates; correct? 5 MS. DANDENEAU: Object to the form. 6 MS. DEITSCH-PEREZ: Objection to 7 form. Α. I don't recall having any 8 9 conversations. But, again, I mean, this is --10 this is two years ago. I'm just asking for your 11 Ο. 12 recollection, sir. 13 Α. Yes. If you don't recall, this will --14 Q. 15 Α. Yeah. 16 (Overspeak) -- if you don't 0. 17 recall --18 Yeah, I don't -- I don't recall. Α. 19 Do you know who was responsible for Q. 20 drafting the audit report? 21 Are you asking the actual Highland Α. 22 employee responsible? I mean, it was 23 Highland's responsibility, so, I mean, that 24 is --

Right.

Q.

25

- 1 WATERHOUSE 10-19-21
- 2 A. -- Highland's responsibility.
- 3 Highland's responsibility.
- 4 Q. Who, at Highland, was responsible
- 5 for drafting this section of the audit report?
- 6 A. I -- I don't know the answer to
- 7 that. Again, there was a team who worked on
- 8 this. And I don't know, you know, whether it
- 9 was the staff or the manager.
- 10 Again, this is where I let the teams
- 11 manage. And, you know, there may be a
- 12 corporate accountant who worked on this. I
- 13 just -- you know, I wasn't part of that process
- 14 to give that person experience. I don't know.
- 15 Q. Do you recall having any
- 16 communications with anybody at any time
- 17 concerning this section of the report?
- 18 A. Yeah, I don't recall.
- 19 Q. Do you recall whether you ever told
- 20 anybody at any time that any aspect of this
- 21 section of the report was inaccurate or
- 22 incomplete?
- 23 A. I don't recall.
- Q. As you sit here today, do you have
- 25 any reason to believe that this section of the

1 WATERHOUSE - 10-19-21
2 audit report is incomplete or inaccurate in any

- z addit report is incomplete or inaccurate in any
- 3 way?
- 4 And I'm happy to give you a moment
- 5 to -- to look at it, if you would like.
- 6 MS. DANDENEAU: Objection to form.
- 7 MS. DEITSCH-PEREZ: Same.
- 8 A. I mean, I would have to look at -- I
- 9 would have to look at the bill to the note
- 10 schedule to make sure I know you presented me
- 11 with materiality, but again, there might be a
- 12 note as of 12/31/18 that somehow was -- was
- 13 under materiality not disclosed. I don't -- I
- 14 don't know. I would need more information.
- 15 Q. Okay. But without more information,
- 16 you have no reason to believe anything this
- 17 section is inaccurate; correct?
- MS. DANDENEAU: Objection to form.
- 19 A. I don't. I mean, you know, this was
- 20 part of the audit.
- 21 Q. Thank you. Now, you will see if we
- 22 could scroll just a little bit more that each
- 23 of the first five paragraphs concerns
- 24 specifically the four affiliates that we've
- 25 been discussing and Mr. Dondero.

Page 118

WATERHOUSE - 10-19-21

- 2 MR. MORRIS: If we could go the
- other way, La Asia. We don't need Okada.
- We're going to have to thread the needle.
- 5 Okay. Good, perfect.
- 6 Q. Do you see those five paragraphs
- 7 certain the four affiliates and Mr. Dondero as
- 8 we've been referring to today?
- 9 A. Yes.
- 10 Q. Okay. And do you see at the end of
- 11 every paragraph it states, quote: A fair value
- of a partnership's outstanding notes receivable
- 13 approximates the carrying value of the notes
- 14 receivable?
- 15 A. Yes, I see that.
- 16 Q. Do you have an understanding of what
- 17 that means?
- 18 A. Yes.
- 19 Q. What is your understanding of that
- 20 sentence?
- 21 A. It is the -- again, the -- the fair
- 22 value, right, which is -- which is what the --
- 23 what Highland could sell that asset for. This
- 24 statement is comparing the fair value of the
- 25 notes to the carrying value, so the carrying

- 1 WATERHOUSE 10-19-21
- 2 value is the line item that you showed me
- 3 earlier that is in Notes and Other Amounts Due
- 4 from Affiliates.
- 5 Q. Okay. Is another way to say this is
- 6 that the fair market value of the notes equals
- 7 the principal amount and -- withdrawn.
- 8 Is the fair way to interpret this
- 9 that the fair market value of the notes equals
- 10 all remaining unpaid principal and interest due
- 11 under the notes?
- MS. DANDENEAU: Object to the form.
- MS. DEITSCH-PEREZ: Objection, form.
- 14 A. I don't know the answer to that,
- 15 because I don't recall where -- where any --
- 16 where -- in what line item was the interest
- 17 component reported.
- 18 Q. All right. Well, if we look in this
- 19 audit report, you will see in the middle of the
- 20 first paragraph, for example, it states that as
- of December 31st, 2018, total interest and
- 22 principal due on outstanding promissory notes
- 23 was approximately \$5.3 million.
- Do you see that?
- 25 A. I do.

Page 120 1 WATERHOUSE - 10-19-21 Is that the carrying value or the Ο. 3 fair value? That would be the carrying value --4 Α. 5 And is the last --Ο. -- in my opinion. 6 Α. 7 Okay. And it is in your opinion as Ο. the chief financial officer of Highland during 8 9 the period of time that you described; right? 10 It is an educated opinion? I'm reading this at face value. 11 taking that as that is carrying value. 12 13 Ο. Okay. And does the last sentence 14 say that the carrying value is roughly 15 approximate to the fair market value? 16 Objection to form. MS. DANDENEAU: 17 MS. DEITSCH-PEREZ: Objection, form. Again, this note to the financial 18 Α. 19 statement is specific to notes and other amounts due from affiliates. 20 21 Ο. Correct. 22 If the interest component is Α. 23 reported elsewhere on the balance sheet, you

know, it -- it -- it could be off. Again, I

don't have the detail. I don't know, but yes,

24

25

- 1 WATERHOUSE 10-19-21
- 2 look, I mean, if you -- I mean, if you are
- 3 saying the 5.3 million is in the notes and
- 4 other amounts due from affiliates, then the
- 5 last statement is saying the fair value
- 6 approximates 5.3 million. That is what that
- 7 last sentence is saying.
- Q. Do you see in the middle of the
- 9 first paragraph -- not in the middle, the next
- 10 to last sentence there is a statement that the
- 11 partnership will not demand payment on amounts
- 12 that exceed HCMFA's excess cash availability
- 13 prior to May 31st, 2021.
- 14 Do you see that?
- 15 A. I do.
- 16 Q. Do you know when Highland agreed not
- 17 to demand payment as described in that
- 18 sentence?
- 19 A. I don't know specifically.
- 20 Q. Do you know why Highland agreed not
- 21 to demand payment on HCMFA's notes until May
- 22 2021?
- 23 A. Yes.
- O. Why was that decision made?
- 25 A. You know, well, it -- it -- that

- 1 WATERHOUSE 10-19-21
- 2 decision was made as to not put HCMFA into a
- 3 position where it didn't have sufficient assets
- 4 to pay for the demand note.
- 5 Q. And at the time the agreement was
- 6 entered into, pursuant to which the partnership
- 7 wouldn't demand payment, did HCMFA have
- 8 insufficient assets to satisfy the notes if a
- 9 demand had been made?
- 10 MS. DANDENEAU: Objection to form.
- 11 A. I don't have HCMFA's financial
- 12 statements in front of me as of 12/31/18.
- 13 Q. Was there a concern that HCMFA would
- 14 be unable to satisfy its demands under the
- 15 notes if demand was made?
- MS. DANDENEAU: Objection to form.
- 17 A. Well, there is -- I don't recall --
- 18 I mean, there is something, right, in place to
- 19 basically not demand payment until May 31, 2021
- 20 as detailed here.
- 21 Q. And who made the decision to enter
- 22 into -- who made the decision on behalf of
- 23 Highland not to demand payment until May 31st,
- 24 2021?
- 25 A. I'm trying to remember. I don't

- 1 WATERHOUSE 10-19-21
- 2 remember exactly -- I don't remember if it was
- 3 myself or -- or Jim Dondero who -- who -- there
- 4 was -- there was something signed, from what I
- 5 recall, that -- that -- that backed up this
- 6 line item in the -- in the notes I'm -- look,
- 7 I'm, I'm --
- 8 Q. We will get to that.
- 9 A. You --
- 10 Q. I'm just --
- 11 A. You have -- I mean --
- 12 Q. We're going to give that to you.
- 13 I'm going to give that to you.
- 14 A. You -- you have all the
- 15 documents. I don't have the documents, and
- 16 that is what makes it so hard. I don't have
- 17 any documents to prepare for this deposition;
- 18 right? You have all -- I don't -- I don't -- I
- 19 don't remember, but, you know, again, it would
- 20 probably be myself or Jim.
- 21 Q. Do you know if Highland received
- 22 anything in return for its agreement not to
- 23 make a demand for two years?
- 24 A. I don't -- I don't think it referred
- 25 anything.

- 1 WATERHOUSE 10-19-21
- Q. And did you and Mr. Dondero discuss
- 3 HCMFA's ability to satisfy the notes if a
- 4 demand was made at the time this agreement was
- 5 entered into?
- 6 MS. DANDENEAU: Objection to form.
- 7 A. I don't -- I don't -- I don't recall
- 8 having a specific conversation, if I did, or --
- 9 or David Klos.
- 10 Q. Okay. I'm just asking if you recall
- 11 any conversations that you had.
- 12 A. I don't recall.
- Q. Okay. Do you know why Highland
- 14 loaned the money to HCMFA that is the subject
- of the notes described in this paragraph?
- 16 A. I don't remember specifically why
- 17 5.3 million was loaned. I mean, I -- it would
- 18 have to be put in the context.
- 19 Q. Do you have any recollection at all
- 20 as to why Highland ever loaned any money to
- 21 HCMFA?
- 22 A. Yes.
- MS. DANDENEAU: Objection to form.
- O. What do you remember about that?
- 25 A. There was a Highland Global

- 1 WATERHOUSE 10-19-21
- 2 Allocation Fund, which was a -- a fund managed
- 3 by Highland Capital Management Fund Advisors.
- 4 There was a -- we -- I'm just telling you,
- 5 there was -- there was a -- a
- 6 ultimately a NAV error found in this fund while
- 7 it was an open-ended fund and, you know, there
- 8 were amounts owed by the advisor in -- in
- 9 relation to that NAV error.
- 10 There were also, for the same fund,
- 11 that same fund was ongoing an
- 12 open-end-to-close-end conversion, and as part
- of that proposal, shareholders who voted for
- 14 the conversion received compensation from the
- 15 advisor.
- 16 Q. All right. Now, the events that
- 17 you're describing occurred in the spring of
- 18 2019; right?
- 19 A. These started back -- I think, I
- 20 mean --
- 21 Q. I apologize.
- 22 A. -- that -- I mean, the answer to
- 23 that is no.
- Q. I apologize, the loans that were
- 25 made in connection with the events that you're

1 WATERHOUSE - 10-19-21

- 2 describing occurred in May 2019; right?
- 3 MR. RUKAVINA: Objection to the
- 4 extent that calls for a legal conclusion.
- 5 A. I don't recall specifically what
- 6 amounts of money were moved when, for what
- 7 purpose.
- 8 Q. Okay. Fair enough. Going to the
- 9 next paragraph, do you recall that NexPoint
- 10 Advisors had obtained a number of loans from
- 11 Highland, and they rolled up those loans into
- one note in approximately 2017?
- 13 A. This is for NexPoint Advisors?
- 14 Q. Yes.
- 15 A. I -- I mean, I don't -- I don't
- 16 recall the NexPoint Advisors loan being a
- 17 roll-up loan, but --
- 18 Q. Do you know why?
- 19 A. But, look, if you have documents
- 20 that show -- I mean, look, I just don't recall.
- Q. Okay. That is fair. Do you know
- 22 why -- do you have any recollection as to why
- 23 Highland loaned money to NexPoint?
- 24 A. Yes.
- 25 Q. Why did High -- why do you recall --

- 1 WATERHOUSE 10-19-21
- 2 what is the reason you recall Highland lending
- 3 money to NexPoint?
- 4 A. I mean, I was just -- I just -- I
- 5 just recall. I mean, I just -- I don't
- 6 remember why.
- 7 Q. I understand. And I'm asking you if
- 8 you recall --
- 9 A. Oh, why -- I thought you say --
- 10 NexPoint Advisors was launching a fund which
- 11 is -- I believe that the legal name is NexPoint
- 12 Capital, Inc. And it -- it provided a
- 13 co-invest into that fund.
- 14 And, from what I remember, the --
- 15 the -- that NexPoint borrowed money from
- 16 Highland at the time to make that co-invest.
- 17 O. So this was an investment that
- 18 NexPoint was required to make; is that right?
- MS. DANDENEAU: Objection to form.
- 20 A. I don't know if it was required to
- 21 make, I don't recall that, or if it just made
- 22 it.
- Q. Okay. But your recollection is that
- 24 NexPoint made an investment and they borrowed
- 25 money from Highland to finance the investment.

Page 128 1 WATERHOUSE - 10-19-21 Do I have that right? 3 Α. Yes. 4 How about HCRE? Do you know why Ο. 5 HCRE borrowed money from Highland? I don't remember specifically. 6 Α. 7 Do you remember generally? Ο. Generally, yeah -- I mean, yes. 8 Α. 9 Can you tell me your general Q. 10 recollection as to why Highland loaned money to 11 HCRE? 12 For -- for -- for investment Α. 13 purposes. 14 0. So HCRE made the investment and it 15 obtained a loan, or loans, from Highland in 16 order to finance that investment or those 17 investments. 18 Do I have that right? 19 I mean, I -- you know, generally. Α. 20 Okay. How about Highland Management Q. Services, Inc.? 21 22 Do you have any recollection as to 23 why HCMS borrowed money from Highland? 24 Α. Generally. 25 What is your general recollection as Q.

Page 129 1 WATERHOUSE - 10-19-21 2. to why HCMS borrowed money from Highland? 3 Α. For -- for investment purposes. So it is the same thing, HCMS wanted 4 Ο. 5 to make investments and it borrowed money from 6 Highland in order to finance those investments; 7 is that right? I mean, yes, generally. I mean, I 8 Α. 9 can't -- I don't -- on the services, there --10 there are several loans in these schedules. You know, I can't remember why every single one 11 of these were made, but I would say, yeah, I 12 13 mean, generally. 14 Q. Okay. I appreciate that. 15 MR. MORRIS: Let's go to the page 16 with Bates No. 251. La Asia, are you 17 there? 18 MS. CANTY: Sorry, John. It went 19 out for a minute. Can you say that again. 20 I don't know what is going on. 21 MR. MORRIS: The page with Bates 22 No. 251, can we go to that. 23 MS. CANTY: Yes, sorry. 24 MR. MORRIS: Keep going to the

bottom. Yeah, there you go.

25

- 1 WATERHOUSE 10-19-21
- Q. Do you see, Mr. Waterhouse, that
- 3 there is a section there called Subsequent
- 4 Events?
- 5 A. I do.
- 6 O. And does this relate to the last
- 7 sentence above the signature line on the
- 8 management representation letter that we talked
- 9 about earlier where you made the representation
- 10 that you disclosed subsequent events?
- 11 A. I mean, it relates to it, but not in
- 12 its entirety.
- 13 Q. Okay.
- MR. MORRIS: If we can scroll up to
- capture the entirety of this section right
- here.
- 17 Q. And what do you mean by that, sir?
- MR. MORRIS: Yeah, right there.
- 19 Perfect.
- 20 A. There are -- there are different
- 21 subsequent events in -- under GAAP. So there
- 22 are -- and -- and -- so what we see in the
- 23 notes to the financial statements are one type
- 24 of subevent.
- Q. Okay. And -- and would the type of

- 1 WATERHOUSE 10-19-21
- 2 subsequent event relating to affiliate loans be
- 3 captured in this section if they were -- if
- 4 they were made after the end of the fiscal year
- 5 and prior to the issuance of the audit report?
- 6 A. Yes, if they were deemed material or
- 7 disclosable.
- 8 Q. Okay. I appreciate that.
- 9 Do you see the next to the last
- 10 entry there? It says, Over the course of 2019
- 11 through the report date, HCMFA issued
- 12 promissory notes to the partnership in the
- aggregate amount of \$7.4 million?
- 14 A. Yes.
- 15 Q. And does that refresh your
- 16 recollection that those are the notes that
- 17 related to the NAV error that you mentioned
- 18 earlier?
- 19 A. I don't -- I don't remember the
- 20 exact. Again, there are -- I mentioned two
- 21 line items; right?
- 22 Q. Yes.
- 23 A. I mean, it was the GAAP conversion
- 24 process plus the -- the NAV error. I don't
- 25 have the details. I don't recall specifically

- 1 WATERHOUSE 10-19-21
- 2 if -- you know, what -- if that 7.4 million was
- 3 solely attributable to the NAV error.
- 4 Q. Okay. But there is no question that
- 5 Highland told PricewaterhouseCoopers that over
- 6 the course of 2019 HCMFA issued promissory
- 7 notes to the partnership in the aggregate
- 8 amount of \$7.4 million; correct?
- 9 A. In the course of the audit, we would
- 10 have produced all promissory notes in our
- 11 possession, including the ones that are
- 12 detailed here.
- 13 Q. Do you recall that you signed the
- 14 two promissory notes that are referenced in
- 15 that provision?
- MS. DANDENEAU: Objection to form.
- 17 A. I didn't recall initially but I've
- 18 been reminded.
- 19 Q. Okay. And -- and do you recall that
- 20 those notes are dated May 2nd and May 3rd,
- 21 2019?
- 22 A. Yes.
- 23 Q. So that was just a month before the
- 24 audit was completed; correct?
- 25 A. Yes. I think we had a June 3rd

- 1 WATERHOUSE 10-19-21
- 2 date, right, if -- if my memory serves me
- 3 right.
- 4 Q. Yes, I will represent to you that
- 5 your memory is accurate in that regard.
- 6 Did anybody ever instruct you as the
- 7 CFO to correct this statement that we're
- 8 looking at in subsequent events?
- 9 A. So let me understand. You're saying
- 10 when I was CFO at Highland Capital did anyone
- 11 ever ask me to correct the -- over the course
- of 2019 through the report date HCMFA issued
- 13 promissory notes, this statement?
- 14 Q. Right.
- 15 A. Not that I'm aware.
- 16 Q. While you were the CFO of Highland,
- 17 did anybody ever tell you that that sentence
- 18 was wrong?
- 19 A. Not that I'm aware.
- 20 Q. Highland -- withdrawn.
- 21 HCMFA disclosed these notes in its
- 22 own audited financial statements; right?
- MR. RUKAVINA: Objection, form.
- 24 A. I assume that these would be
- 25 material -- if these are material financial

- 1 WATERHOUSE 10-19-21
- 2 statements, yes, they -- they -- they should be
- 3 and they were likely disclosed.
- 4 Q. Now, there is no statement
- 5 concerning the 2019 notes about the forbearance
- 6 that we looked at in the affiliated note
- 7 section of the report; right?
- 8 MS. DANDENEAU: Objection to form.
- 9 Q. I'll withdraw. That was bad.
- 10 Do you recall when we were looking
- 11 at the paragraph concerning HCMFA earlier it
- 12 had that disclosure about the agreement whereby
- 13 Highland wouldn't ask for demand on the -- on
- 14 the HCMFA notes?
- 15 A. Yes.
- 16 Q. That forbearance disclosure is not
- 17 made with respect to the 2019 notes; right?
- 18 A. Not -- look, not that I can recall,
- 19 unless -- unless it was done at a subsequent
- 20 day.
- 21 Q. Right. And it is not in the
- 22 subsequent event section that we're looking at
- 23 right now where the 2019 notes are described;
- 24 right?
- 25 A. Right. But this is through

Page 135 1 WATERHOUSE - 10-19-21 2. June 3rd. It could have been done on June 4th. 3 I don't -- I don't -- I don't recall. 4 0. Okay. 5 MR. MORRIS: Can we put up on the 6 screen the HCMFA audit report. And while 7 we're --8 MS. DANDENEAU: What exhibit is this? 9 10 MR. MORRIS: La Asia, what number is 11 that? 12 MS. CANTY: 45. MR. MORRIS: So this will be marked 13 14 as Exhibit 45. (Exhibit 45 marked.) 15 16 MS. CANTY: Yeah, and I will put it 17 in the chat. 18 MS. DANDENEAU: Thank you. 19 Okay. All right. Do you see that Q. 20 this is the consolidated financial statements 21 for HCMFA for the period ending 12/31/18? 22 Α. Yes. 23 As the treasurer of HCMFA at the 0. 24 time, did you have to sign a management 25 representation letter similar to the one that

- 1 WATERHOUSE 10-19-21
- 2 we looked at earlier for Highland?
- 3 A. I would imagine I would have been
- 4 asked to. I don't recall if I did.
- 5 Q. Do you recall ever being asked by an
- 6 auditor to sign a management representation
- 7 letter and then not doing it?
- 8 A. No.
- 9 MR. MORRIS: Can we just scroll down
- 10 again. I just want to see the date of the
- document.
- 12 A. I mean, let me -- you know, there
- 13 are different versions to management
- 14 representation letters I will qualify.
- 15 Yes, there are certain -- from time
- 16 to time auditors can make representations
- 17 that -- in the rep letter that is being
- 18 proposed that are inaccurate or out of scope or
- 19 things like that and they've asked for
- 20 signature.
- In that context, yes. I mean, you
- 22 know -- I mean, if I have been asked to sign
- 23 and make those representations and those
- 24 representations are invalid, yes, I would not,
- 25 I mean, I -- I wouldn't sign that.

- 1 WATERHOUSE 10-19-21
- Q. Okay. PricewaterhouseCoopers served
- 3 as HCMFA's outside auditors as well; correct?
- 4 A. Yes.
- 5 Q. Do you see that this audit report is
- 6 signed on June 3rd, 2019, just like the
- 7 Highland audit report?
- 8 A. That is correct.
- 9 Q. And did the process of -- of
- 10 preparing HCMFA's audit report, was that the
- 11 same process that Highland followed when it did
- 12 its audit report at this time?
- 13 A. I mean, it is a different entity.
- 14 There are different assets. You know, it --
- 15 it -- it is -- as you saw, Highland's
- 16 financials are on a consolidated basis. This
- 17 is different, so it is under the same control
- 18 environment and team.
- 19 Q. Okay. I appreciate that. So the
- 20 same control environment and team participated
- 21 in the preparation of the audit for Highland
- 22 and for HCMFA at around the same time; correct?
- 23 A. Yes.
- MR. MORRIS: Can we go to page 17 of
- 25 the report. I don't have the Bates number.

- 1 WATERHOUSE 10-19-21
- Q. Okay. Do you see that just like
- 3 Highland's audited financial report, HCMFA's
- 4 audited financial report also has a section
- 5 related to subsequent events?
- 6 A. Yes.
- 7 Q. And am I reading this correctly that
- 8 just as Highland had done, HCMFA disclosed in
- 9 its audited financial report a subsequent event
- 10 that related to the issuance of promissory
- 11 notes to Highland in the aggregate amount of
- 12 \$7.4 million in 2019?
- 13 A. That is what I see in the report.
- 14 Q. And you were the treasurer of HCMFA
- 15 at the time; right?
- 16 A. Yes, to the best of my knowledge.
- 17 Q. And did anybody ever tell you prior
- 18 to the time of the issuance of this audit
- 19 report that that sentence relating to HCMFA's
- 20 2019 notes was inaccurate or wrong in any way?
- 21 A. Not that I recall.
- Q. As you sit here right now, has
- 23 anybody ever told you that that sentence is
- 24 inaccurate or wrong in any way?
- 25 A. Not that I recall.

Page 139 1 WATERHOUSE -10-19-21I apologize if I asked you this Ο. already, but has anybody ever told you at any 3 4 time that you are not authorized to sign the promissory notes that are the subject of the 5 6 sentence we're looking at? 7 Not that I recall. Α. Did anybody ever tell you at any 8 Ο. 9 time that you had made a mistake when you 10 signed the promissory notes that are the subject of this sentence? 11 12 Say that again. Did anyone ever say Α. 13 that I made a mistake? 14 Q. Let me ask the question again. 15 Did anybody ever tell you at any time that you made a mistake when you signed 16 the two promissory notes in Highland's favor on 17 18 behalf of HCMFA in 2019? 19 Not that I recall. Α. MR. MORRIS: Let's just look at the 20 21 promissory notes quickly. Can we please

22 put up Document Number 1, and so this is in 23 the pile that y'all have. We'll just go for a few more minutes and we can take our 24 25 lunch break.

Page 140

WATERHOUSE - 10-19-21

- Q. All right. So I don't know if you
- 3 have seen this before, sir. Do you see that
- 4 this is a complaint against HCMFA?
- 5 A. Yes, I am looking at it on the
- 6 screen.
- 7 Q. Okay. And have you ever seen this
- 8 document before?
- 9 A. I went through some of these
- 10 documents with my counsel here yesterday.
- 11 MR. MORRIS: All right. Can we go
- to Exhibit 1 of this document.
- 13 Q. Do you see Exhibit 1 is a
- 14 \$2.4 million promissory note back in 2019?
- 15 A. Yeah, I found it in the book. Yes,
- 16 I have it here in front of me.
- 17 Q. And this is a demand note, right, if
- 18 you look at Paragraph 2?
- 19 A. Yes.
- 20 Q. And this is a note where the maker
- is HCMFA, and Highland is the payee; right?
- 22 A. Yes.
- MR. MORRIS: And if we can scroll
- down, can we just see Mr. Waterhouse's
- 25 signature.

Page 141 1 WATERHOUSE - 10-19-21

- Q. Is that your signature, sir?
- 3 A. Yes, it is.
- 4 Q. And did you sign this document on or
- 5 around May 2nd, 2019?
- 6 A. I don't recall specifically signing
- 7 this, but this is my signature.
- 8 Q. Okay. And do you recall that
- 9 Highland transferred \$2.4 million to HCMFA at
- 10 or around the time you signed this document?
- 11 A. I don't recall specifically. I
- 12 would want to, as I sit here today, go back and
- 13 confirm that, but again, presumably that --
- 14 that -- that did happen.
- 15 Q. You wouldn't have signed this
- 16 document if you didn't believe that HCMFA
- 17 either received or was going to receive
- 18 \$2.4 million from Highland; is that fair?
- 19 A. I mean, it -- if -- if there
- 20 wasn't a transfer of value, yeah, I mean, you
- 21 know, I would have no reason to -- to sign a
- 22 note.
- 23 Q. And -- and Highland wouldn't have
- 24 given this note to PricewaterhouseCoopers if --
- 25 withdrawn.

Page 142 1 WATERHOUSE - 10-19-21 2 HCMFA wouldn't have given this note 3 to PricewaterhouseCoopers if it hadn't received the principal value of -- of the note in the 4 5 form of a loan; correct? 6 MR. RUKAVINA: Objection, legal 7 conclusion, speculation and form. Again, we -- what we provided to PwC 8 Α. 9 were, as part of the audit, any promissory 10 notes executed and outstanding. You know, as a part of the audit, they, you know, they -- they 11 have copies of all the bank statements, 12 things -- things of that sort. 13 MR. MORRIS: Okay. Can we go to 14 15 Exhibit 2. 16 (Exhibit 2 marked.) Do you see that this is a promissory 17 0. note dated May 3rd, 2019 in the amount of 18 \$5 million? 19 20 Α. Yes. 21 Do you believe this is also a demand Q. 22 note if you look at Paragraph 2? 23 Α. Yes. 24 And do you see that HCMFA is the Ο. 25 maker, and Highland is the payee?

1 WATERHOUSE - 10-19-21
2 A. Yes.

- 3 Q. And if we go to the bottom, can we
- 4 just confirm that that is your signature?
- 5 A. Yes.
- Q. And together these notes are the
- 7 notes that are referred to both in Highland and
- 8 HCMFA's audited financial reports in the
- 9 subsequent event sections; correct?
- MS. DANDENEAU: Objection to form.
- 11 A. They -- they -- they totaled
- 12 \$7.4 million, so presumably, yes.
- 13 Q. Okay. And you were authorized to
- 14 sign these two notes; correct?
- MR. RUKAVINA: Objection, legal
- 16 conclusion.
- 17 A. Yeah. I mean, I'm -- I was the
- 18 officer of -- of HCMFA. You know, I -- I'm not
- 19 the legal expert on -- on what that -- what
- 20 that confers to me or what it doesn't. I mean,
- 21 that is my signature on the notes.
- Q. And you believed you were authorized
- 23 to sign the notes; is that fair?
- 24 A. I signed a lot of documents in my
- 25 capacity, just because it is operational in

- 1 WATERHOUSE 10-19-21
- 2 nature. So, you know, to me this was just
- 3 another document, to be perfectly honest.
- 4 Q. Sir, would you have signed
- 5 promissory notes with the principal amount of
- 6 \$7.4 million if you didn't believe you were
- 7 authorized to do so?
- 8 MS. DANDENEAU: Objection to form.
- 9 Q. Are you frozen?
- 10 A. No. I'm just -- you know, it is --
- 11 you know, again, I typically don't sign
- 12 promissory notes, and I don't recall why I
- 13 signed these, but -- you know, but I did.
- 14 Q. All right. So listen carefully to
- 15 my question. Would you have ever signed
- 16 promissory notes with a face amount of
- 17 \$7.4 million without believing that you were
- 18 authorized to do so?
- 19 A. No. I mean, I'm -- I'm putting my
- 20 signature on there, so no.
- 21 Q. Okay. And would you have signed two
- 22 promissory notes obligating HCMFA to pay
- 23 Highland \$7.4 million without Mr. Dondero's
- 24 prior knowledge and approval?
- 25 MS. DEITSCH-PEREZ: Object to the

Page 145

WATERHOUSE - 10-19-21

- 2 form.
- 3 A. You know, from -- from what I recall
- 4 around these notes, you know, I don't recall
- 5 specifically Mr. -- Mr. Dondero saying to -- to
- 6 make this a loan.
- 7 So my conversation with Mr. Dondero
- 8 around the culmination of the NAV error as
- 9 related to TerreStar which was a -- a -- I
- 10 think it was a year and a half process. I
- 11 don't know, it was a multi-month process, very
- 12 laborious, very difficult.
- When we got to the end, I had a
- 14 conversation with Mr. Dondero on where to, you
- 15 know, basically get the funds to reimburse the
- 16 fund, and I recall him saying, get the money
- 17 from Highland.
- 18 Q. And so he told you to get the money
- 19 from Highland; is that right?
- 20 A. That is what I recall -- in my
- 21 conversation with him, that is -- that is what
- 22 I can recall.
- Q. Do you know who drafted these notes?
- 24 A. I don't.
- Q. Did you ask somebody to draft the

Page 146 1 WATERHOUSE - 10-19-21 2. notes? 3 I didn't ask -- I don't specifically Α. 4 ask people to draft notes really. I mean, 5 again, you know, the legal group at Highland is 6 responsible and has always been responsible for 7 drafting promissory notes. So based on your -- based on the 8 Ο. 9 practice, you believe that somebody from the 10 Highland's legal department would have drafted 11 these notes. Do I have that right? 12 MS. DEITSCH-PEREZ: Object to the 13 John, I also asked you for the Word 14 versions of these notes so we could look at 15 the properties, and you have not provided 16 them. Are you intending to? 17 MR. MORRIS: No. 18 Can you answer my question, sir? Q. 19 Α. Again, I --20 MS. DANDENEAU: Do you want him to 21 repeat it? 22 Yeah, why don't you repeat it? Α. Sure. Mr. Waterhouse, based on the 23 Q. 24 practice that you have described in your 25 understanding, do you believe that these notes

Page 147 1 WATERHOUSE - 10-19-21 would have been drafted by somebody in the 3 legal department? MS. DEITSCH-PEREZ: Object to the 4 5 form. 6 Α. Yes. 7 Okay. And do you know who would have instructed -- do you have any knowledge as 8 9 to who would have instructed the legal 10 department to draft these notes? 11 MS. DEITSCH-PEREZ: Object to the 12 form. 13 Α. It was whoever was working -- I 14 mean, it was likely someone on the team. I 15 mean, I don't remember exactly on every note or every document, but, again, a lot of these 16 things of this nature -- they're operational in 17 nature -- were handled by the team. 18 19 The team knows to -- I mean, we 20 don't draft documents. We're not lawyers. 21 We're not attorneys. It is not what I do or 22 accountants do. 23 So they are always instructed to go

documents like this drafted. Also, when you go

and -- and go to the legal team to get

24

25

- 1 WATERHOUSE 10-19-21
- 2 to the legal team, the -- you know, we always
- 3 loop in compliance. And compliance -- when you
- 4 go to the legal team, compliance is part of
- 5 legal team. They're made aware of -- of -- of
- 6 these types of transactions.
- 7 Q. And do you believe that you had
- 8 the -- withdrawn.
- 9 Did you ever tell Mr. Dondero --
- 10 (inaudible) -- did you see those?
- 11 A. Sorry.
- 12 MS. DEITSCH-PEREZ: I did not hear
- the end of that question.
- 14 Q. Did you ever tell Mr. Dondero that
- 15 you signed these two notes?
- 16 A. I don't recall ever -- no, I don't
- 17 recall having a conversation with him.
- 18 Q. Did you ever discuss these two notes
- 19 with him at any time?
- 20 A. The conversation, I recall, was what
- 21 I described earlier. And that is the only time
- 22 I recall ever discussing this.
- Q. Okay. But the corporate accounting
- 24 group had a copy of this -- of these two notes.
- 25 And pursuant to the audit process, the

- 1 WATERHOUSE 10-19-21
- 2 corporate accounting group gave the two notes
- 3 to PricewaterhouseCoopers in connection with
- 4 the audit; correct?
- 5 MS. DANDENEAU: Objection to form.
- 6 A. Yes. I mean, that is -- yeah, I
- 7 mean, they -- unless the legal team can also
- 8 retain copies of items like this. I mean, I
- 9 don't know everything that they would retain as
- 10 well.
- The legal team would also, if they
- 12 had documents as part of audits, turn that over
- 13 to the auditors as well. So it could have been
- 14 the corporate accounting team. It could be
- 15 someone on the legal team.
- Q. All right. So you didn't -- you
- 17 didn't draft this note; right?
- 18 A. I -- I -- I did not.
- 19 Q. But somebody at Highland did; is
- 20 that fair?
- MS. DEITSCH-PEREZ: Object to the
- 22 form.
- 23 A. I don't know. I mean, we can go to
- 24 the legal team. I don't -- I'm not sitting
- 25 behind someone in legal. Maybe they went to

Page 150

WATERHOUSE - 10-19-21

- 2 outside counsel. I have no idea.
- 3 Q. Did you have any reason to believe
- 4 you weren't authorized to sign this note,
- 5 either of these two notes?
- 6 A. I think I have already answered that
- 7 question.
- 8 Q. Okay. You didn't give these notes
- 9 to PricewaterhouseCoopers; correct?
- 10 MS. DANDENEAU: Objection to form.
- 11 A. I don't recall giving these to
- 12 PricewaterhouseCoopers.
- 13 Q. And in the practice that you have
- 14 described, somebody in the corporate accounting
- 15 group would have given these two notes to
- 16 PricewaterhouseCoopers; correct?
- 17 MS. DANDENEAU: Objection to form.
- 18 A. I think I've answered that. I said
- 19 either the corporate accounting team or maybe
- 20 the legal team.
- MR. MORRIS: Okay. Why don't we
- take our lunch break here.
- VIDEOGRAPHER: We're going off the
- 24 record at 1:04 p.m.
- 25 (Recess taken 1:04 p.m. to 1:49 p.m.)

Page 151 1 WATERHOUSE - 10-19-21 VIDEOGRAPHER: We are back on the 2 3 record at 1:49 p.m. Mr. Waterhouse, did you speak with 4 5 anybody during the break about the substance of this deposition? 6 7 I spoke to -- to Deb and Michelle. About the substance of the 8 0. deposition? 9 10 Α. Yes. 11 Can you tell me what you talked Q. 12 about? 13 MS. DANDENEAU: No. We object on the basis of privilege. 14 15 Okay. You are going to follow your Q. 16 counsel's objection here? 17 Α. Yes. 18 Q. Okay. 19 MR. MORRIS: Can we put up on the 20 screen Exhibit 35. 21 (Exhibit 35 marked.) 22 Are you able to see that document, Ο. sir? 23 24 Α. Yes. 25 Have you ever seen an incumbency Q.

Page 152

WATERHOUSE - 10-19-21

- 2 certificate before?
- 3 A. I have.
- 4 Q. Do you have a general understanding
- 5 of what an incumbency certificate is?
- 6 A. I have a general understanding.
- 7 Q. What is your general understanding?
- 8 A. You know, those -- my general
- 9 understanding is that the incumbency
- 10 certificate basically lists folks that can --
- 11 are like authorized signers.
- 12 Q. Okay. And do you see that this is
- 13 an incumbency certificate for Highland Capital
- 14 Management Fund Advisors, L.P.?
- 15 A. Yes.
- 16 Q. Okay. And if we could scroll down
- 17 just a little bit, do you see that it's dated
- 18 effective as of April 11th, 2019?
- 19 A. Yes, I see that.
- 20 Q. Okay. And is that your signature in
- 21 the middle of the signature block?
- 22 A. Yes, it is.
- Q. And by signing it, did you accept
- 24 appointment as the treasurer of HCMFA effective
- 25 as of April 11th, 2019?

1 WATERHOUSE - 10-19-21

- 2 A. Again, I'm not the legal -- I don't
- 3 know if this makes me the treasurer or the
- 4 appointment. I don't know -- I don't know
- 5 that, so I don't -- I don't know if that
- 6 document -- again, I think -- again, I'm not
- 7 the legal expert. I think isn't there --
- 8 aren't there other legal documents that detail
- 9 who the officers are that could be incorporated
- 10 or things like that? Again, I don't want to
- 11 play armchair attorney here.
- 12 Q. I'm not asking you for a legal
- 13 conclusion. I'm asking you for your knowledge
- 14 and understanding. When you signed this
- 15 document, did you understand that you were
- 16 accepting an appointment as the treasurer of
- 17 HCMFA?
- MS. DANDENEAU: Objection to form.
- MS. DEITSCH-PEREZ: Objection, form.
- 20 A. Again, I don't think this -- that
- 21 wasn't my understanding. I don't think this
- 22 makes -- this document makes me the treasurer.
- 23 Q. What do you think this document --
- 24 why did you sign this document?
- MS. DEITSCH-PEREZ: Objection to

```
Page 154
 1
                  WATERHOUSE - 10-19-21
          form.
 3
                MR. MORRIS: You're objecting to the
 4
          form of the question when I asked him why
 5
          did you sign the document? What is the
          basis for the objection?
 6
 7
                MS. DEITSCH-PEREZ: Because, John, I
 8
          think that it does call for a legal
 9
          conclusion other than -- with him saying
10
          because somebody told me to sign this
11
          document. But if you want to go there,
12
          that is fine.
13
                MR. MORRIS: Okay.
14
                MS. DANDENEAU: I don't think --
          he's already said he's not a lawyer.
15
16
                MR. MORRIS: I'll allow the witness
17
          to answer this question.
18
                Why did you sign this document, sir?
          Ο.
19
                I mean, our -- our legal group would
          Α.
20
     bring by these incumbency certificates from
21
     time to time.
                    I have no idea why they're being
22
     updated, and I was asked to sign.
23
                Did you ask anybody, what is this
          0.
24
     document?
25
          Α.
                No.
```

Page 155 1 WATERHOUSE - 10-19-21 2 Did anybody tell you why they needed Ο. 3 you to sign the document? Not that I can recall. 4 Α. 5 You testified earlier that you Ο. 6 understood that you served as the acting 7 treasurer for HCMFA; correct? Α. 8 Yes. 9 How did you become the acting Q. 10 treasurer of HCMFA? 11 MS. DANDENEAU: Objection to form. 12 I don't -- I don't know the legal --Α. 13 I don't know the legal mechanic of how I became the acting treasurer. 14 15 I'm not asking for the legal Q. mechanic. I'm asking you as the person who 16 17 is --18 MS. DANDENEAU: John, you said --19 MR. MORRIS: Stop. 20 MS. DANDENEAU: -- how did you 21 become the treasurer. That is --22 MR. MORRIS: Please stop. That is a legal 23 MS. DANDENEAU: 24 question. 25 MR. MORRIS: I am not asking any

Page 156 1 WATERHOUSE - 10-19-21 legal questions, to be clear. I'm asking for this witness' understanding as to how 3 4 he became the acting treasurer of HCMFA. 5 If he doesn't know, he can say he doesn't know, but this legal stuff is nonsense, and 6 7 I really object to it. Sir, I'm asking you a very simple 8 0. 9 question. 10 MS. DANDENEAU: Argumentative. You testified -- you testified that 11 0. you became the acting treasurer of HCM --12 13 HCMFA; correct? 14 Α. Yes. 15 Q. How did that happen? 16 MS. DANDENEAU: Again, object to 17 form. 18 MR. MORRIS: I can't wait to do this 19 in a courtroom. Good God. 20 Q. Go ahead, sir. 21 I don't know the exact process of Α. 22 how that happened. 23 Do you have any idea whether signing Q. 24 this document was part of the process? 25 MR. MORRIS: You know what --

Page 157

WATERHOUSE - 10-19-21

- 2 MS. DANDENEAU: Objection.
- 3 MR. MORRIS: -- withdrawn. You guys
- 4 want to do this, I can't wait. I can't
- 5 wait. This is the craziest stuff ever.
- 6 MS. DANDENEAU: John, he said he's
- 7 not a lawyer, and you are asking him for a
- 8 legal conclusion, and he says he doesn't
- 9 know, and you persist.
- 10 MR. MORRIS: Okay.
- MS. DANDENEAU: So you can ask these
- 12 questions --
- MR. MORRIS: Did anyone -- please
- 14 stop talking.
- 15 MS. DANDENEAU: -- at another
- 16 point -- no, no, no, I'm entitled to talk,
- 17 too; right? If you're going to make these
- 18 accusations as if we're trying to stonewall
- 19 you, this is not the witness to ask that
- 20 question.
- 21 MR. MORRIS: I can't -- I can't
- 22 wait -- I can't wait to do this in a
- 23 courtroom. I will just leave it at that.
- MS. DANDENEAU: That's right, I'm
- 25 sure you can't.

- 1 WATERHOUSE 10-19-21
- Q. Did anyone ever tell you, sir, that
- 3 even though you were the acting treasurer of
- 4 HCMFA, that you were not authorized to sign the
- 5 two promissory notes that we looked at before
- 6 lunch?
- 7 A. I'm not sure I understand the
- 8 question. I wasn't -- I mean, I'm -- I'm the
- 9 current acting treasurer.
- 10 Q. Did anybody ever tell you at any
- 11 time that even though you were the acting
- 12 treasurer of HCMFA, that you were not
- 13 authorized to sign the two promissory notes
- 14 that we looked at before lunch?
- MS. DANDENEAU: Objection to form.
- 16 A. Not that I recall.
- 17 Q. Did anybody ever tell you at any
- 18 time that you were not authorized to sign the
- 19 two promissory notes that we looked at before
- 20 lunch?
- 21 A. Not that I recall.
- Q. Did anybody ever tell you at any
- 23 time that you should not have signed the two
- 24 promissory notes that we looked at before
- 25 lunch?

Page 159

WATERHOUSE - 10-19-21

- A. Not that I recall.
- 3 Q. Did you ever tell anybody at any
- 4 time that you weren't authorized to sign the
- 5 two promissory notes that we looked at before
- 6 lunch?
- 7 A. Not that I recall.
- 8 Q. Did you ever tell anybody at any
- 9 time that you made a mistake when you signed
- 10 the two promissory notes that we looked at
- 11 before lunch?
- 12 A. Not that I recall.
- 13 Q. As you sit here right now, do you
- 14 have any reason to believe that you were not
- 15 authorized to sign the two documents that we
- 16 looked at before lunch?
- 17 MS. DANDENEAU: Objection to form.
- 18 A. If -- if this is the -- the valid
- 19 incumbency certificate, I mean, this does --
- 20 this does detail who the signers are.
- Q. Okay. And looking at that document,
- 22 does that give you comfort that you were
- 23 authorized to sign the two promissory notes
- 24 that we looked at before lunch?
- 25 MS. DEITSCH-PEREZ: Object to the

Page 160 1 WATERHOUSE - 10-19-21 2 form. 3 MS. DANDENEAU: Objection, form. 4 Α. Yes. 5 As of October 20th -- withdrawn. Ο. 6 I'm trying to take your mind back to 7 a year ago, October 2020. Do you recall at that time that the boards of the retail funds 8 9 were making inquiries about obligations that 10 were owed by the advisors to Highland in connection with their 15(c) review? 11 12 MS. DANDENEAU: Objection to form. 13 Α. I don't -- I don't recall. 14 Q. As of October 2020, you had no 15 reason to believe you weren't authorized to sign the two promissory notes that we just 16 17 looked at; correct? 18 MS. DANDENEAU: Objection, form. 19 MS. DEITSCH-PEREZ: Objection to form. 20 21 I didn't think about it in October Α. 22 of 2020, but I mean --23 Did you have any reason to believe 0. 24 at that time that you weren't authorized to 25 sign the two notes that we just looked at?

Page 161 1 WATERHOUSE - 10-19-21

- 2 A. Not that I'm aware, no.
- 3 Q. Did you have any reason to believe a
- 4 year ago that you made a mistake when you
- 5 signed those two notes?
- 6 A. Not that I'm aware.
- 7 Q. A year ago you believed that HCMFA
- 8 owed Highland the unpaid principal amounts that
- 9 were due under those two notes; correct?
- 10 A. They're -- they're promissory notes
- 11 that were -- as you presented, that were --
- 12 that were executed. Whether they're valid or
- if there's other reasons, I didn't -- I don't
- 14 know.
- 15 Q. I'm not asking you whether they're
- 16 valid or not. I'm asking you for your state of
- 17 mind. A year ago you believed that HCMFA
- 18 was -- was obligated to pay the unpaid
- 19 principal amount under the two notes that you
- 20 signed; correct?
- 21 A. Yeah, I'm -- I'm -- yes.
- 22 Q. Thank you. Are you aware -- you're
- 23 aware that -- that in 2017, NexPoint issued a
- 24 note in favor of Highland in the approximate
- 25 amount of \$30 million; correct?

- 1 WATERHOUSE 10-19-21
- 2 A. I'm -- I'm -- I'm generally aware.
- 3 Q. Okay. And are you generally aware
- 4 that from time to time, after the note was
- 5 issued by NexPoint, that moneys were applied to
- 6 principal and interest that were due under the
- 7 NexPoint note?
- 8 A. Yes, I'm generally aware.
- 9 Q. Okay. And did anybody ever tell you
- 10 that the payments that were made against the
- 11 NexPoint notes were made by mistake?
- 12 A. Yes.
- Q. And is it the one payment that we
- 14 talked about earlier today?
- 15 A. We talked about a lot of things
- 16 today. What payment are we talking about?
- 17 Q. Okay. Who told you that any payment
- 18 made against the NexPoint note was made by
- 19 mistake?
- 20 A. D.C. Sauter.
- 21 Q. When did Mr. Sauter tell you that?
- 22 A. I don't -- I don't remember
- 23 specifically.
- Q. Do you remember what payments --
- 25 A. Sometime -- sometime this year.

Page 163 1 WATERHOUSE - 10-19-21 Sometime in 2021? 0. 3 Yes. Α. Do you remember what payment he was 4 0. referring to? 5 6 Α. It was the -- the payment made in 7 January of 2021 or -- yeah, January of -- of this -- January of 2021. 8 9 Q. Okay. So did anybody ever tell you 10 at any time that any payment that was made against principal --11 12 And -- and -- and -- hold on, and it Α. may have been other -- again, it may have been 13 that payment or -- or there may have been what 14 15 he was explaining, a misapplication of prior 16 payments as well. 17 Can you -- can you give me any specificity -- withdrawn. 18 19 Withdrawn. Can you tell me 20 everything that Mr. Sauter told you about -about errors in relation to payments made 21 22 against principal and interest due under the 23 NexPoint note? 24 MS. DANDENEAU: Can I just --25 MR. RUKAVINA: Hold on. Hold on.

Page 164 1 WATERHOUSE - 10-19-21 I'm going to object here, and I'm going to 3 instruct the witness not to answer depending on the discussion that you had --4 5 Mr. Waterhouse, I'm the lawyer for 6 NexPoint, and as everyone here knows, D.C. 7 Sauter is in-house counsel. So if you and Mr. Sauter were having 8 9 a factual discussion and him preparing his 10 affidavit, et cetera, then go ahead and 11 answer that. But if you were having a 12 discussion as to our legal strategy in this 13 lawsuit, or anything having to do with 14 that, then do not answer that. 15 And if you need to talk to either 16 your counsel or me about that, then we need 17 to have that discussion now. Okay. Yeah, I don't -- I don't 18 Α. 19 really know how to make that distinction, so 20 maybe I need to talk to counsel before I 21 answer, or if I can answer. 22 Let me just ask you this question: 0. Did -- did you have any conversation with 23 24 Mr. Sauter about any payment of principal and interest prior to the time that you left 25

Page 165

1 WATERHOUSE - 10-19-21

- 2 Highland's employment, or did it happen after
- 3 you left Highland's employment?
- 4 A. I don't -- I don't recall if -- I
- 5 don't recall. I mean, it was sometime in 2021.
- 6 I don't remember if it was before or after I
- 7 was let go from Highland.
- 8 Q. Okay. So -- so nobody told you
- 9 prior to 2021 that any error or mistake was
- 10 made in the application of payments against
- 11 principal and interest due on the NexPoint
- 12 note. Do I have that right?
- 13 A. Yeah, I don't -- I don't recall this
- 14 being in 2020.
- Okay. And it didn't happen in 2019;
- 16 correct?
- 17 A. I don't recall that happened.
- 18 Q. And it didn't happen in 2018;
- 19 correct?
- 20 A. I don't -- I don't recall that
- 21 happening.
- 22 Q. And it didn't happen in 2017;
- 23 correct?
- 24 A. I don't recall.
- 25 Q. But -- but you believe the

- 1 WATERHOUSE 10-19-21
- 2 conversation took place in 2021. You just
- 3 don't remember if it was before or after you
- 4 left Highland's employment. Do I have that
- 5 right?
- 6 A. It was sometime this year. I
- 7 don't -- I don't remember.
- 8 Q. Okay. Did you report this
- 9 conversation to Mr. Seery at any point?
- 10 A. I don't believe so.
- 11 Q. Did you report this conversation to
- 12 anybody at DSI at any time?
- 13 A. I don't recall.
- 14 Q. Do you have -- you don't have a
- 15 recollection of ever doing that; correct?
- 16 A. Yeah, that's right. I don't recall
- 17 doing that.
- 18 Q. Do you recall telling anybody at
- 19 Pachulski Stang about the conversation you
- 20 recall with Mr. Sauter?
- 21 A. No, I don't -- I don't recall.
- 22 Q. Did you tell any of the independent
- 23 board members about your conversation with
- 24 Mr. Sauter?
- 25 A. I don't recall.

Page 167

WATERHOUSE - 10-19-21

- Q. Did you tell any of the employees at
- 3 Highland before you left Highland's employment
- 4 about this call that you had with Mr. Sauter?
- 5 MS. DANDENEAU: Objection to form.
- 6 A. No, I don't -- no, I don't recall.
- 7 Q. NexPoint -- to the best of your
- 8 knowledge, did NexPoint ever file a proof of
- 9 claim against Highland to try to recover moneys
- 10 that were mistakenly paid against the principal
- 11 and interest due under the note?
- 12 A. Okay. Hold on. You are saying did
- 13 NexPoint Advisors file a proof of claim to
- 14 Highland for errors related to payments under
- 15 the NexPoint note to Highland?
- 16 Q. Correct.
- 17 A. I'm -- I'm not -- I'm not
- 18 aware.
- 19 Q. Are you aware --
- 20 A. I'm not the legal person here, I
- 21 don't know.
- 22 Q. I'm just asking for your knowledge,
- 23 sir.
- 24 A. Yeah, I don't know. I'm not aware.
- Q. Are you aware of any claim of any

- 1 WATERHOUSE 10-19-21
- 2 kind that NexPoint has ever made to try to
- 3 recover the amounts that it contends were -- or
- 4 that Mr. Sauter contend were mistakenly applied
- 5 against principal and interest due under the
- 6 NexPoint note?
- 7 A. I'm not aware.
- 8 MS. DANDENEAU: Objection to form.
- 9 Q. Okay. The advisors' agreements with
- 10 the retail funds are subject to annual renewal;
- 11 correct?
- 12 A. Yes.
- 13 Q. And do you participate in the
- 14 renewal process each year?
- 15 A. Yes.
- Q. What role do you play in the renewal
- 17 process?
- 18 A. I'm -- I'm asked by the retail board
- 19 to walk-through the advisors financials.
- 20 Q. And do you do that in the context of
- 21 a board meeting?
- 22 A. Yes, it is -- yes, it is typically
- 23 done in a board meeting.
- 24 O. And do you recall the time --
- 25 does -- does the renewal process happen around

- 1 WATERHOUSE 10-19-21
- 2 the same time each year?
- 3 A. Yes, it is -- it is around the same
- 4 time every year.
- 5 O. And what -- what time period of the
- 6 year does the renewal process occur?
- 7 A. Approximately the September
- 8 timeframe.
- 9 Q. During that process, in your
- 10 experience, does the board typically conduct
- its own diligence and ask for information?
- 12 A. Does the board ask for lots of -- I
- 13 mean, just -- I mean, lots of information as a
- 14 part of that -- that -- as part of that board
- 15 meeting and that process.
- 16 Q. Okay. And do you recall that the
- 17 process in 2020 spilled into October?
- 18 A. Yes. Yes.
- 19 Q. Okay. And as part of the process in
- 20 2020, the retail board asked -- asked what are
- 21 referred to as 15(c) questions; right?
- 22 A. I guess I don't want to be -- they
- 23 asked 15(c) -- are you saying they asked 15(c)
- 24 questions and this is why it went into October
- 25 or --

Page 170 1 WATERHOUSE - 10-19-21 2 0. No, I apologize. 3 Do you have an understanding of 4 what -- of what 15(c) refers to in the context 5 of the annual renewal process? 6 Α. Yes, generally. 7 All right. What is your general Ο. understanding of the term "15(c)" in the 8 9 context of the annual renewal process? 10 I -- I think 15(c) is the section Α. that -- that -- you know, that -- that the 11 board has to evaluate every year, the retail 12 13 board. They have to, you know, go through, 14 evaluate, and go through that approval process 15 on a yearly basis. 16 Q. Okay. 17 MR. MORRIS: Can we put up on the 18 screen Exhibit 36, please. 19 (Exhibit 36 marked.) 20 MR. MORRIS: I quess let's just 21 start at the bottom so Mr. Waterhouse can 22 see what is here. 23 You see this begins with an email 0. 24 from Blank Rome to a number of people. 25 MR. MORRIS: And if we can scroll

Page 171 1 WATERHOUSE - 10-19-21 up -- keep going just a little bit. 3 You will see that there is an email 0. 4 from Lauren Thedford to Thomas Surgent and 5 others where she reports that she was attaching 6 and reproducing below additional 15(c) 7 follow-up questions from the board. Do you see that? 8 9 Α. Yes. 10 And do you see Question No. 2 asks 0. whether there are any material outstanding 11 12 amounts currently payable or due in the future (e.g., notes) to HCMLP by HCMFA or NexPoint 13 14 Advisors or any other affiliate that provides 15 services to the funds? 16 Do you see that? 17 Α. Yes. And -- and did you -- do you recall 18 Q. that in -- in October of 2020 the retail boards 19 20 were asking for that information? 21 I don't recall it, but there --Α. 22 they're obviously asking in this email. 23 Q. Okay. 24 MR. MORRIS: Can we scroll up a

little bit, please.

25

Page 172

WATERHOUSE - 10-19-21

- 2 Q. And then do you see that
- 3 Ms. Thedford includes you on the email string
- 4 on Tuesday, October 6th, at 5:52?
- 5 A. Yes.
- 6 Q. And she asks you and Dave Klos and
- 7 Kristin Hendrix for advice on that particular
- 8 Request No. 2 that I have just read; right?
- 9 A. Yes.
- 10 Q. Okay. Can you tell me who
- 11 Ms. Thedford is?
- 12 A. She was an attorney that was in the
- 13 legal group.
- 14 Q. At Highland Capital Management,
- 15 L.P.?
- 16 A. I'm -- I'm -- I'm -- I don't
- 17 remember if she was an employee of Highland or
- 18 any of the advisors.
- 19 O. Okay. Do you know if she served as
- 20 the corporate secretary for both HCMFA and
- 21 NexPoint?
- 22 A. Yes.
- 23 Q. And -- okay.
- Do you know whether Ms. Thedford
- 25 held any positions in relation to the retail

Page 173

1 WATERHOUSE - 10-19-21

- 2 funds as we defined that term?
- 3 A. Yes.
- 4 Q. What is your understanding of the
- 5 positions that Ms. Thedford held at the retail
- 6 funds?
- 7 A. I -- I recall her being an officer.
- 8 I don't recall her title.
- 9 Q. Okay. Is she still an officer at
- 10 any of the retail funds today?
- 11 A. No.
- 12 Q. Do you know when she ceased to be an
- 13 officer of the retail funds?
- 14 A. Approximately.
- 15 Q. And when did she approximately cease
- 16 to be an officer of the retail funds?
- 17 A. It was in -- it was in early of
- 18 2021.
- 19 Q. Okay. Do you know when she became
- 20 an officer of the retail funds?
- 21 A. I don't recall.
- 22 Q. To the best of your recollection,
- 23 was she an officer of the retail funds in
- 24 October of 2020?
- 25 A. I believe so.

- 1 WATERHOUSE 10-19-21
- Q. Okay. Do you know what title she
- 3 held in her capacity as an officer, if any?
- 4 A. I told you I don't remember.
- 5 Q. Okay. So she sends this email to
- 6 you at 5:52 p.m. on October 6th.
- 7 And if we can scroll up to the
- 8 response, you responded a minute later with a
- 9 one-word answer: Yes.
- 10 Do you see that?
- 11 A. Yes.
- 12 Q. And -- and yes is -- yes was in
- 13 response to the retail board's Question No. 2,
- 14 right, whether there are any material
- 15 outstanding amounts currently payable or due in
- 16 the future?
- 17 A. Yes.
- MR. MORRIS: And can we scroll up to
- 19 see what happened next.
- 20 Q. So Ms. Thedford writes back to you a
- 21 few minutes later and she asks whether you
- 22 could provide the amounts.
- Do you see that?
- 24 A. Yes.
- Q. And then you respond further and you

Page 175

WATERHOUSE - 10-19-21

- 2 refer her to the balance sheet that was
- 3 provided to the board as part of the 15(c)
- 4 materials.
- 5 Do you see that?
- 6 A. Yes.
- 7 Q. And -- and did the advisors provide
- 8 to the board certain balance sheets in 2020 in
- 9 connection with the 15(c) review?
- 10 A. Yes, they did.
- 11 Q. Okay. And were the amounts that
- 12 were outstanding or that were to be due in the
- 13 future by the advisors to Highland included in
- 14 the liability section of the balance sheet that
- 15 was given to the retail board?
- 16 A. Yes. Notes would be reflected as
- 17 liabilities.
- 18 Q. Okay. And --
- 19 A. If I'm understanding your question
- 20 correctly.
- 21 Q. You are. And -- and -- and those
- 22 liabilities you -- you were -- you believed
- 23 were responsive to the retail board's question;
- 24 correct?
- 25 A. Yes.

Page 176

WATERHOUSE - 10-19-21

- Q. Okay. And then if we can scroll up,
- 3 you see Ms. Thedford responds to you
- 4 nine minutes later with a draft response.
- 5 Do you see that?
- 6 A. Yes.
- 7 Q. And she says that she is taking from
- 8 the 6/30 financials certain information about
- 9 amounts that were due to HCMLP and affiliates
- 10 as of June 30th, 2020.
- 11 Do you see that?
- 12 A. I do.
- Q. Okay. And did you believe, as the
- 14 treasurer of NexPoint and HCMFA and as the CFO
- of Highland, that the information that
- 16 Ms. Thedford obtained from the 6/30 financials
- 17 was accurate and responsive in relation to the
- 18 retail fund board's question?
- 19 A. I just want to make sure I
- 20 understand the question.
- 21 Are you saying that the financial
- 22 information provided to the retail board as
- 23 part of the 15(c) process, which included
- 24 financial statements as of June 30th of 2021,
- 25 did I feel like those were responsive to their

```
Page 177
 1
                  WATERHOUSE - 10-19-21
 2.
     questions?
 3
          Q.
                Yes.
 4
          Α.
                Yes.
 5
          O.
                Thank you.
 6
                MS. DEITSCH-PEREZ: John, it is not
 7
          in the chat yet. Can you just make sure it
 8
          gets put in there.
 9
                MR. MORRIS: Sure.
10
                MS. CANTY: I put it in there.
11
          think maybe I just sent it directly, so let
12
          me make sure it says to everyone. But I
13
          did put it in there. I will try again.
14
                MR. MORRIS: Thank you, La Asia.
15
                MS. DANDENEAU: What number is it.
16
                MR. MORRIS: What, the Bates number?
17
                MS. DEITSCH-PEREZ: No, the --
          this -- yeah, 36 is not in the chat.
18
19
                MR. MORRIS: Okay. We'll get it.
20
                MS. DANDENEAU: I think that
21
          Ms. Canty just sent it to me originally.
22
          Sorry.
23
                MR. MORRIS: Okay. We will get it
24
          there.
25
                MS. CANTY: Okay. It is there now
```

Page 178 1 WATERHOUSE - 10-19-21 2 for everyone. 3 MS. DEITSCH-PEREZ: Got it. Thank 4 you. 5 Do you recall if the proposed 0. 6 response that Ms. Thedford crafted was 7 delivered to the retail board with the -- with the yellow dates having been completed? 8 9 Α. I don't know. 10 MR. MORRIS: Davor, I'm going to ask 11 that the advisors and -- the advisors of 12 both HCMFA and NexPoint produce to me any 13 report that was given to the retail board 14 concerning the promissory notes at issue, 15 including the obligations under the notes. Do you know -- do you know if 16 Ο. ultimately NexPoint informed the retail board 17 in response to its question that NexPoint owed 18 19 Highland approximately 23 or \$24 million? 20 MS. DANDENEAU: Objection to the 21 form. 22 Sorry, are you asking, did NexPoint Α. 23 tell the retail board that it owed Highland? 24 Let me ask a better question, Ο. 25 Mr. Waterhouse.

Page 179

WATERHOUSE - 10-19-21

- 2 Did -- do you know if anybody ever
- 3 answered the retail board's question that was
- 4 Number 2?
- 5 A. I don't -- I can't say for sure.
- 6 Q. Okay. Do you recall -- I think you
- 7 testified earlier that you walked through the
- 8 advisors' financials with the retail board;
- 9 correct?
- 10 A. Yes.
- 11 Q. And as part of that process, did you
- 12 disclose to the retail board the obligations
- 13 that NexPoint and HCMFA had to Highland under
- 14 promissory notes?
- 15 A. The retail board, as I stated
- 16 earlier, receives financial information,
- 17 balance sheet, income statement information
- 18 from the advisors. That information is
- 19 provided to the retail board in connection with
- 20 the 15(c) process.
- 21 So any notes between the advisors
- 22 and the Highland would be -- anything would be
- 23 detailed in those financial statements.
- Q. Do you recall in 2020 ever speaking
- 25 with the retail board about the advisors'

Page 180 1 WATERHOUSE - 10-19-21 2. obligations under the notes to Highland? 3 MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Object to the 4 5 form. 6 Α. I don't recall specifically. 7 Do you have any general recollection Ο. of discussing with the retail board the 8 9 advisors' obligations to Highland under the 10 notes that they issued? 11 MS. DANDENEAU: Object to the form. 12 MS. DEITSCH-PEREZ: Object to the 13 form. 14 Α. I just recall generally just -- it 15 is just -- I present the financial statements, and if they have questions, I answer their 16 questions and walk them through. 17 18 I don't recall what they asked. Ι don't recall where the discussion went. 19 20 don't recall anything of that nature. 21 Okay. Do you know if anybody on Ο. 22 behalf of HCMF -- HCMFA ever told the retail 23 board that HCMFA had no obligations under the two 2019 notes that you signed? Withdrawn. 24 25 Do you know whether anybody on

- 1 WATERHOUSE 10-19-21
- 2 behalf of HCMFA ever told the retail boards
- 3 that you weren't authorized to sign either of
- 4 the two 2019 notes?
- 5 MS. DANDENEAU: Objection to form.
- 6 A. I'm not aware.
- 7 Q. Are you aware of anybody on behalf
- 8 of HCMFA ever telling the retail boards that
- 9 your execution of the two 2019 notes was a
- 10 mistake?
- MS. DANDENEAU: Objection to form.
- 12 A. I'm not aware.
- Q. Are you aware of anybody on behalf
- of HCMFA ever telling the retail boards that
- 15 HCMFA did not have to pay the amounts reflected
- 16 in the two notes that you signed in 2019?
- 17 A. I'm not aware.
- 18 Q. Do you know whether anybody ever
- 19 told the retail boards -- withdrawn.
- 20 Do you know whether anybody ever
- 21 told the retail boards that Highland has
- 22 commenced a lawsuit to recover on the two notes
- 23 that you signed in 2019?
- 24 A. I'm not aware.
- 25 Q. Are you aware of anybody informing

- 1 WATERHOUSE 10-19-21
- 2 the retail boards that Highland has sued to
- 3 recover on the NexPoint note?
- 4 A. I'm not aware.
- 5 Q. Do you know whether anybody ever
- 6 told the retail board that Highland had
- 7 declared a default with respect to the two
- 8 HCMFA notes that you signed in 2019?
- 9 A. I'm not aware.
- 10 Q. Are you aware of anybody ever
- 11 informing the retail boards that Highland had
- 12 declared a default under the NexPoint note?
- 13 A. I'm not aware.
- 14 Q. Are you aware of anybody telling the
- 15 retail board that Highland made a demand for
- 16 payment under the 2019 notes that you signed on
- 17 behalf of HCMFA?
- 18 A. I'm not aware.
- 19 O. Let's -- let's see if there is a
- 20 response to Ms. Thedford's email, if we can
- 21 scroll up.
- Do you see you responded to
- 23 Ms. Thedford five minutes after she provided
- 24 the draft response to you?
- 25 A. Yes.

- 1 WATERHOUSE 10-19-21
- Q. Okay. And do you see that Dustin
- 3 Norris is copied on this email?
- 4 A. Yes, he is.
- 5 Q. Great. Do you know whether
- 6 Mr. Norris held any positions at either of the
- 7 advisors as of October 6, 2020?
- 8 A. I will go back to -- I'm not the
- 9 legal expert of what appoints you or how or
- 10 why, but you did see Dustin's name on the
- incumbency certificate that you produced
- 12 earlier.
- Q. Do you know what his title was in
- 14 October of 2020?
- MS. DANDENEAU: Objection to form.
- 16 A. I don't -- I don't recall.
- 17 O. Was he -- did he have a title with
- 18 each of the advisors, to the best of your
- 19 recollection?
- 20 A. I don't recall.
- 21 Q. Do you know why he is included on
- 22 this email string?
- 23 A. I didn't add Dustin. It looks like
- 24 Lauren did. I don't know why she added him or
- 25 not. You would have to ask her.

- 1 WATERHOUSE 10-19-21
- 2 Q. Does Mr. Norris play a role in
- 3 formulating the advisors' responses to the
- 4 questions asked by the retail board in
- 5 connection with the 15(c) annual review?
- 6 MS. DANDENEAU: Objection to form.
- 7 A. He -- Dustin Norris is there in the
- 8 board meetings. But -- so he has a role, yes.
- 9 Q. Okay. And does Mr. Norris hold any
- 10 positions, to the best of your knowledge, in
- 11 relation to any of the retail funds?
- 12 A. I don't -- I don't believe he does.
- Q. How about Mr. Post, do you know
- 14 whether Mr. Post holds any position in either
- 15 of the advisors?
- 16 A. I mean, he -- he -- yes.
- 17 Q. What is your understanding of the
- 18 positions that Mr. Post holds in relation to
- 19 the advisors?
- MS. DANDENEAU: Objection to form.
- 21 A. He is an employee of NexPoint
- 22 Advisors. He is also the chief compliance
- 23 officer for -- for NexPoint.
- Q. Who is the chief compliance officer
- 25 for HCMFA, if you know?

- 1 WATERHOUSE 10-19-21
- 2 MS. DANDENEAU: Objection to form.
- 3 A. That would be Jason as well.
- 4 Q. Okay. Now, looking at your
- 5 response, you noted initially that nothing was
- 6 owed under shared services. Do I have that
- 7 right in substance?
- 8 A. Yeah. I think I'm being responsive
- 9 to Lauren's question here, whether any of the
- 10 shared service invoices are outstanding.
- 11 Q. Right.
- 12 A. Yes.
- 13 Q. And that is because -- and that is
- 14 because the retail the retail board has asked
- 15 for the disclosure of all material obligations
- 16 that were owed to HCMLP either then or in the
- 17 future; isn't that right?
- MS. DANDENEAU: Objection to form.
- 19 O. We can go back down and look.
- 20 A. Look, I don't know if that's a
- 21 material item, I mean, again, but sure.
- Q. Okay. But there were no shared
- 23 services outstanding; correct?
- MS. DANDENEAU: Objection to form.
- 25 A. That is what this email seems to

Page 186

WATERHOUSE - 10-19-21

- 2 indicate.
- 3 Q. And you wouldn't have written it if
- 4 you didn't believe it to be true at the time;
- 5 correct?
- 6 A. Correct.
- 7 Q. And when you referred to shared
- 8 services outstanding, what you meant there was
- 9 that neither NexPoint nor HCMFA owed Highland
- 10 any money under the shared services agreements
- 11 that they had with Highland as of October 6th,
- 12 2020; right?
- 13 A. I don't know if it is as of October
- 14 6, 2020 or if it was from -- like through the
- 15 financials -- through the date of the
- 16 financials as of June 30.
- 17 Q. Okay. And then you noted that
- 18 HCMA -- the HCMFA note is a demand note; right?
- 19 A. Yes.
- 20 Q. And then you referred Ms. Thedford
- 21 to Kristin Hendrix for the term of the NexPoint
- 22 note. Do I have that right?
- 23 A. Yes.
- Q. And then you refer to that agreement
- 25 that is referenced in the 2018 audited

- 1 WATERHOUSE 10-19-21
- 2 financials about Highland's agreement not to
- 3 make demand upon HCMFA until May 2021; correct?
- 4 A. Correct.
- 5 Q. And then -- and then the next thing
- 6 you write is that the attorneys think that BK
- 7 doesn't change that, but don't know for sure at
- 8 the end of the day.
- 9 Do you see that sentence?
- 10 A. Yes.
- 11 Q. Which attorneys were you referring
- 12 to?
- 13 A. I don't remember.
- 14 Q. Did you have a conversation with
- 15 attorneys concerning whether the bankruptcy
- 16 would change or alter in any way the agreement
- 17 not to make a demand under the HCMFA note?
- 18 A. Look, yeah, I mean, I don't
- 19 specifically remember, but generally, I mean,
- 20 it is in this email. I don't -- I don't -- I
- 21 don't -- I don't remember who I talked to or,
- 22 you know, was it inside counsel, outside
- 23 counsel, but obviously I talked to somebody.
- Q. Do you have any recollection --
- 25 A. Well, I don't even know if it's --

- 1 WATERHOUSE 10-19-21
- 2 actually, it may not even have been me. I say
- 3 the attorneys in, you know, a lot of -- like I
- 4 talked about the team.
- 5 It could have been someone on the
- 6 team, like, hey, we need to run this down, and
- 7 maybe they talked to attorneys again and
- 8 relayed that information to me.
- 9 So I really don't know if I spoke or
- 10 someone else did or -- or, I mean, and maybe it
- 11 wasn't even from corporate accounting. Maybe
- 12 it was, you know, other -- I'm kind of
- 13 summarizing, you know, again, so I don't really
- 14 know -- I can't really say for sure. I don't
- 15 remember how I came about of this knowledge.
- 16 Q. I appreciate your efforts,
- 17 Mr. Waterhouse, but I will just tell you that
- if I ask a question and you don't know the
- 19 answer or you don't recall, I'm happy to accept
- 20 that. I don't -- I don't want you to
- 21 speculate, so I want to be clear about that.
- 22 So I appreciate it.
- Let me just ask you simply: Do you
- 24 know what attorneys -- can you identify any of
- 25 the attorneys who thought that the bankruptcy

Page 189 1 WATERHOUSE -10-19-21

- 2 process didn't change the agreement?
- I don't recall. 3 Α.
- Okay. Perfect. 4 Ο.
- 5 And then let's look at the last
- 6 sentence. It says, quote: The response should
- 7 include, as I covered in the board meeting,
- that both entities have the full faith and
- 9 backing from Jim Dondero, and to my knowledge
- 10 that hasn't changed.
- 11 Do you see that?
- 12 Α. Yes.
- 13 Q. Okay. Prior to October 6th, 2020,
- 14 had you told the retail board that HCMFA and
- 15 NexPoint have the full faith and backing from
- 16 Jim Dondero?
- 17 Α. Yes.
- Do you remember in the context in 18 Q.
- which you told the retail board that? 19
- 20 Α. I mean, generally, yes.
- 21 Tell me what you recall. Q.
- 22 So we were walking through the Α.
- 23 financials from the advisors; right? So as I
- 24 described to you, you have got HCMFA and NPA.
- 25 And these -- the financials, you know, show

Page 190 WATERHOUSE - 10-19-21

- 2 they have liabilities on them that exceed
- 3 assets.

1

- 4 So the retail board has asked, okay,
- 5 you know, how -- you know, if -- if these
- 6 liabilities come due or they're payable, you
- 7 know, how does that come about?
- And, you know, the response is,
- 9 well, the advisors have the -- the full faith
- 10 and backing from -- from Jim Dondero.
- 11 Q. And how did you know that the
- 12 advisors had the full faith and backing from
- 13 Jim Dondero? What was the basis for that
- 14 statement that you made to the retail board?
- 15 A. I talked to Jim about it at some
- 16 point in the past.
- 17 Q. And did you tell Mr. Dondero that
- 18 you were going to inform the retail board that
- 19 the advisors had his full faith and backing
- 20 before you actually told that to the retail
- 21 board?
- 22 A. I don't recall having that
- 23 conversation.
- Q. Do you recall if you ever informed
- 25 Mr. Dondero that you had disclosed or told the

Page 191

WATERHOUSE - 10-19-21

- WAIERHOUSE IU-19-ZI
- 2 retail board that the advisors had the full
- 3 faith and backing of Mr. -- Mr. Dondero?
- 4 MS. DEITSCH-PEREZ: Object to the
- 5 form.
- 6 A. I don't recall discussing that with
- 7 him at the time.
- 8 Q. When you told this to the board, was
- 9 Mr. Dondero participating in the discussion?
- 10 A. Not that I recall.
- 11 Q. Withdrawn. Was it not -- withdrawn.
- Do you recall whether -- when you
- 13 covered this issue with the board, was that in
- 14 a -- a Zoom call or a Webex call? Was it a
- 15 telephone call? Was it in-person? Like where
- 16 were you physically in relation to the board?
- 17 A. I believe I was at home.
- 18 Q. Okay. Can you identify every person
- 19 that you recall who was present for this
- 20 disclosure other than -- other than the board
- 21 members themselves?
- MS. DEITSCH-PEREZ: Object to the
- 23 form.
- A. I don't recall everyone on the call.
- 25 Q. Can you identify anybody who was on

Page 192

WATERHOUSE - 10-19-21

- 2 the call?
- 3 A. Other than the board members?
- 4 Q. Yes.
- 5 A. Lauren Thedford. I mean, there
- 6 are -- there are many -- my section is just one
- 7 of many sections that are just -- you know, as
- 8 you can appreciate, this is a long board
- 9 meeting.
- 10 I can't recall specifically, really
- 11 even generally, or who was on when this was
- 12 discussed. But Lauren was typically on for the
- 13 entire time.
- 14 Q. I apologize if I asked you this, but
- 15 do either of Mr. Norris or Mr. Post hold any
- 16 positions relative to the retail funds?
- 17 A. I think you asked me this already,
- 18 John.
- 19 Q. Okay. I just don't recall. Can you
- 20 just refresh my recollection if I did, in fact,
- 21 ask you the question?
- 22 A. I don't believe -- if we can go
- 23 back. I don't believe Mr. Norris has a title
- 24 at the retail funds. Mr. -- and Mr. Post is
- 25 the CCO of the advisor, the advisors.

- 1 WATERHOUSE 10-19-21
- Q. Okay. Do you know if either of them
- 3 have a position with the retail board -- with
- 4 the retail funds?
- 5 A. I don't believe Mr. Norris has a
- 6 position with the retail funds.
- 7 Q. All right. What about Mr. Post?
- 8 A. Mr. Post is the CCO of the advisors.
- 9 Q. Okay. Does he hold any position --
- 10 A. I don't believe so.
- 11 Q. -- with the retail funds?
- 12 A. I don't believe so.
- 13 Q. Okay.
- 14 A. I don't know if being the CCO for
- 15 the advisor conveys something for the retail
- 16 funds. Again, I am not -- that is the legal
- 17 compliance part of it. I don't know.
- 18 Q. Why did you tell the retail board
- 19 that the advisors have the full faith and
- 20 backing from Mr. Dondero?
- MS. DANDENEAU: Objection to form.
- 22 A. It is -- it is -- it is what has
- 23 been discussed with them prior.
- Q. And were you -- were you trying to
- 25 give them comfort that even though the

Page 194 1 WATERHOUSE - 10-19-21 2. liabilities exceeded the assets that the advisors would still be able to meet their 3 4 obligations as they become due? 5 MS. DANDENEAU: Objection to form. 6 MS. DEITSCH-PEREZ: Object form. 7 I -- I can't -- I don't remember Α. specifically the conversation, but generally --8 9 you know, generally, yes. And that is why --10 but, you know, again, in this email saying, you know, I am sure I qualified it with the retail 11 board, you know, as I said I like -- you know, 12 13 to my knowledge, that hasn't changed. But, 14 again, generally -- generally that is what I 15 remember. 16 Okay. Do you recall if in the 0. advisors' response to the retail board's 17 question if the response included any statement 18 concerning Mr. Dondero and -- and the full 19 20 faith and backing that he was giving to the 21 advisors? 22 MS. DEITSCH-PEREZ: Object to the 23 form.

I don't -- I don't remember

specifically what was provided.

24

25

Α.

Page 195 1 WATERHOUSE - 10-19-21 2 0. Okay. And I don't really -- I don't really 3 Α. 4 remember generally either. 5 O. Okay. 6 MR. MORRIS: So -- so, again, I'm 7 just going to ask Mr. Rukavina if your clients can produce as soon as possible the 8 9 15(c) response, the written response that the advisors made, if any, to the board's 10 11 Question No. 2. 12 I'm not looking for the whole 13 response, but I certainly want the response to Question No. 2. 14 15 Do you have a general understanding Q. as to the amount by which -- withdrawn. 16 17 Did -- did the assets of --18 withdrawn. 19 Did the liabilities of HCMFA exceed 20 its assets in 2020? 21 MS. DANDENEAU: Objection to form. 22 MS. DEITSCH-PEREZ: Objection, form. 23 I believe I have already answered Α. 24 that question earlier, I think. I believe I 25 said yes.

Page 196 1 WATERHOUSE - 10-19-21 2 Okay. And did the liabilities of O. 3 NexPoint exceed its assets in 2020? 4 MS. DEITSCH-PEREZ: Objection to 5 form. I don't believe so. 6 Α. 7 Okay. So -- so it was only one of Ο. the two advisors who had liabilities that 8 exceeded the value of the assets. 9 10 Do I have that right? MS. DEITSCH-PEREZ: Objection to 11 12 form. 13 MS. DANDENEAU: Form. 14 Α. Yes. 15 And do you know, ballpark, the Q. amount by which the value of HCMFA's 16 liabilities exceeded their assets in 2020? 17 18 MS. DANDENEAU: Objection to form. 19 I don't -- I don't recall. Α. 20 MR. MORRIS: I had specifically 21 requested in discovery the audited 22 financial reports for both advisors and 23 NexPoint. I think I may have gotten one 24 for NexPoint but I'm still waiting for the 25 balance. And I'm going to renew my request

Page 197 1 WATERHOUSE - 10-19-21 for those documents too. Let's go to the next exhibit, which 3 Ο. 4 is Number 10. So I think it is in your stack, 5 Mr. Waterhouse. 6 MR. MORRIS: And we can take the one 7 down from the screen and put up Number 10 for everybody. 8 9 (Exhibit 10 marked.) 10 And I don't know if you have ever 0. seen this before, but I'm really putting it up 11 on the screen for purposes of turning to the 12 very last page of the document. 13 14 So this is a document that we have 15 been -- that we premarked as Exhibit 10. And we're turning to the last page of the document, 16 which is a document that was filed in the 17 adversary proceeding 21-3004. And -- no, I 18 19 apologize, I think we -- right there. Perfect. 20 And it is page 31 of 31. 21 MR. MORRIS: I think there may have 22 been some something erroneously stapled to 23 the hard copy that I gave you folks, but 24 I'm looking for page 31 of 31 in the 25 document that begins with the first page of

Page 198 1 WATERHOUSE - 10-19-21

- 2 Exhibit 10.
- 3 Q. Do you have that, Mr. Waterhouse?
- 4 A. I don't have it yet. I'm looking.
- 5 Q. All right. If you look at the top
- 6 right-hand corner, you will see it says page
- 7 hopefully something of 31?
- 8 A. Yes, I've got it now.
- 9 Q. Okay. You have got 31 of 31. You
- 10 can take a moment to read that, if you would
- 11 like.
- 12 A. (Reviewing document.) Okay.
- 13 Q. Have you ever seen this before?
- 14 A. I don't know if I have seen this
- 15 specific document, but, you know, I've --
- 16 I'm -- I'm aware of it.
- 17 O. And is this the document that you
- 18 had in mind when you sent that email to
- 19 Ms. Thedford that we just looked at where you
- 20 said that Highland had agreed not to make a
- 21 demand upon HCMFA until May 2021?
- 22 A. Honestly, I don't -- it wasn't this
- 23 document. I mean, it's something like this,
- 24 yes. I mean, yes.
- 25 Q. Well --

- 1 WATERHOUSE 10-19-21
- 2 A. It is something like this, but I
- 3 don't think it was this specific document.
- 4 Q. Well, but this document does say in
- 5 the last sentence that Highland agreed not to
- 6 seek -- not to demand payment from HCMFA prior
- 7 to May 31, 2021; right?
- 8 A. Yes.
- 9 Q. And are you aware of any other
- 10 document that was ever created pursuant to
- 11 which Highland agreed not to demand payment on
- 12 amounts owed by HCMFA before May 31, 2021?
- 13 A. Hold on. Are you asking, am I aware
- of a document that by HCMFA that basically says
- 15 otherwise?
- 16 Q. No. Let me try again.
- 17 Are you aware of any other document
- 18 pursuant to which -- pursuant to which Highland
- 19 agreed not to make a demand on HCMFA until May
- 20 31st, 2021?
- 21 A. I'm -- I think there was something
- 22 in connection with -- with the -- with the
- 23 audit that basically says the same thing.
- Q. Okay. And do you think that the
- 25 audit is referring to this particular document?

- 1 WATERHOUSE 10-19-21
- 2 A. I don't know.
- 3 Q. All right. This document is dated
- 4 April 15, 2019. Do you see that?
- 5 A. I do.
- 6 Q. And do you remember that the audit
- 7 was completed on June 3rd, 2019?
- 8 A. Yes.
- 9 Q. And do you recall that the audited
- 10 financials -- and I'm happy to pull them up if
- 11 you would like, but do you recall that the
- 12 audited financials included a reference to the
- 13 agreement pursuant to which Highland agreed not
- 14 to make a demand until May 31st, 2021?
- 15 A. Yes, I remember.
- 16 Q. And as part of the process, would
- 17 you have expected the corporate accounting team
- 18 to have provided a copy of this document to
- 19 PwC?
- MS. DANDENEAU: Objection to form.
- 21 A. Yes, I would have expected something
- 22 like this, or again, you know, some document
- 23 that basically states -- states the deferral
- 24 till May 31 of 2020.
- 25 Q. Okay.

- 1 WATERHOUSE 10-19-21
- 2 A. May 31 of 2021, excuse me.
- 3 Q. And this document states the
- 4 deferral that you just described; correct?
- 5 A. It does.
- 6 O. And this document states the
- 7 deferral that was described in the audited
- 8 financial statements that we looked at before;
- 9 correct?
- 10 A. It does.
- 11 MR. MORRIS: Okay. Can we scroll
- down just a little bit to see who signed on
- behalf of the acknowledgment there.
- 14 Q. Okay. So Mr. Dondero signed this
- document on behalf of both HCMFA and Highland;
- 16 do you see that?
- 17 A. I do.
- 18 Q. Okay. Did you discuss this document
- 19 or the -- withdrawn.
- 20 Did you discuss the concept of the
- 21 deferral with Mr. Dondero in the spring of
- 22 2019?
- 23 A. I think I testified I don't recall.
- Q. Okay. Do you know whose idea it was
- 25 to issue the acknowledgment in this form?

Page 202 WATERHOUSE - 10-19-21 1 Α. I don't recall. 3 MR. MORRIS: Can we scroll back up 4 to the document, please. 5 Do you see in the beginning it says, 0. reference is made to certain outstanding 6 7 amounts loaned from Highland to HCMFA for funding ongoing operations. 8 9 Do you see that? 10 Α. Yes. 11 And were you aware as the CFO of Q. 12 Highland and as the treasurer of HCMFA that as 13 of April 15, 2019, Highland had made certain 14 loans to HCMFA to fund HCMFA's ongoing 15 operations? 16 Α. Yes. 17 And were you aware that those loans were payable on demand and remained outstanding 18 as of December 31st, 2018? 19 20 Α. Yes. 21 And were you aware that those Ο. 22 amounts were payable on demand, and they 23 remained outstanding as of April 15, 2019? 24 MS. DEITSCH-PEREZ: Object to the

25

form.

- 1 WATERHOUSE 10-19-21
- 2 A. Well, this -- this document dated
- 3 April 15, 2019 says they have been deferred to
- 4 May 31, 2021.
- 5 Q. Right. But I'm just sticking to the
- 6 first paragraph where they refer to the
- 7 outstanding amounts. And in the end it says
- 8 the -- it remained outstanding on December
- 9 31st, 2018, and I think you told me that you
- 10 understood that, and then I'm just trying to
- 11 capture the last piece of it.
- 12 Did you understand that there were
- 13 amounts outstanding from the loan that Highland
- 14 made to HCMFA to fund ongoing operations as of
- 15 April 15th, 2019?
- 16 A. Yes.
- 17 O. Thank you. Let's look at the next
- 18 sentence. HCMFA expects that it may be unable
- 19 to repay such amounts should they become due
- 20 for the period commencing today and continuing
- 21 through May 31st, 2021.
- Do you see that?
- MS. DANDENEAU: Objection to form.
- 24 A. I do.
- 25 Q. As the CFO -- withdrawn.

Page 204

1 WATERHOUSE - 10-19-21

- 2 As the treasurer of HCMFA, did you
- 3 believe that -- do you believe that statement
- 4 was true and accurate at the time it was
- 5 rendered?
- 6 A. I mean, it -- it -- the answer to
- 7 that is I really didn't have any -- I didn't
- 8 have an opinion really.
- 9 Q. Did you do anything to educate
- 10 yourself in April of 2019 on the issue of
- 11 whether HCMFA could repay the amounts that it
- 12 owed to Highland should they become due?
- 13 A. I don't believe so.
- 14 Q. Did you at any time form any
- opinions as to HCMFA's ability to repay all
- 16 amounts due to Highland should they become due?
- 17 A. Not really. I guess I don't...
- 18 Q. Well, you told the retail board that
- 19 HCMFA's liabilities exceeded their assets in
- 20 2020; correct?
- 21 A. Yes.
- 22 Q. Based on the work that you did to
- 23 prepare for the retail board, did you form any
- 24 view as to whether HCMFA would be unable to
- 25 repay the amounts that it owed to Highland

- 1 WATERHOUSE 10-19-21
- 2 should they become due?
- MS. DANDENEAU: Objection to form.
- 4 A. I mean, I -- when you look at that,
- 5 to answer you, completely, you know, again,
- 6 if -- the response I gave the retail board was,
- 7 you know, the -- the advice -- HCMFA advisors
- 8 have the -- have the full faith and backing of
- 9 Jim Dondero. So I didn't form an opinion of
- 10 whether the advisor could pay it or not.
- 11 Q. Did you form any view as to whether
- 12 the advisors could repay the amounts that it
- 13 owed to Highland should they become due without
- 14 the full faith and backing of Mr. Dondero?
- MS. DANDENEAU: Objection to form.
- MS. DEITSCH-PEREZ: Form.
- 17 A. I mean, if you -- if you -- if you
- 18 take that last statement out, I mean, it would
- 19 be difficult for HCMFA to pay back demand notes
- 20 at that time.
- 21 Q. And it was precisely for that reason
- 22 that you told the retail board that -- that the
- 23 retail -- that the advisors had the full faith
- 24 and backing of Mr. Dondero; correct?
- MS. DANDENEAU: Objection to form.

- 1 WATERHOUSE 10-19-21
- 2 A. I mean, yes, as the mouthpiece, I
- 3 was relaying information.
- 4 Q. Okay. And you relayed that
- 5 information with the knowledge and approval of
- 6 Mr. Dondero; correct?
- 7 MS. DEITSCH-PEREZ: Object to the
- 8 form.
- 9 A. As I stated in the email, I don't
- 10 believe, and I think I testified I don't
- 11 believe I had conversations with Mr. Dondero at
- 12 the time of that board meeting.
- 13 Q. Did you tell the retail board that
- 14 the advisors had the full faith and backing of
- 15 Mr. Dondero without Mr. Dondero's prior
- 16 approval?
- 17 A. Yeah, I -- I -- yes, I'm -- like I
- 18 said, I think I testified earlier, I'm sure I
- 19 qualified it as well.
- Q. What do you mean by that?
- 21 MS. DANDENEAU: Objection to form.
- 22 A. Again -- again, like I said in the
- 23 email, it has the full faith and backing of Jim
- 24 Dondero unless that has changed.
- Q. Actually that is not what you said,

- 1 WATERHOUSE 10-19-21
- 2 so let's put the email back up.
- 3 A. It is -- it is -- it is in the
- 4 email.
- 5 Q. Let's put the email back up. You
- 6 didn't say unless it has changed. You said you
- 7 believe it hasn't changed; right?
- 8 A. Okay. And to my knowledge that
- 9 hasn't changed, that is what it says.
- 10 Q. That's right.
- 11 A. But, again, I mean, that is -- I
- 12 don't know everything. And I'm not in every
- 13 conversation. I'm not -- to presume that I am,
- 14 is -- and you have to put myself -- as you
- 15 started this out, Mr. Morris, I was at home in
- 16 October of 2020 with COVID -- or, you know,
- 17 under these COVID times that we described is
- 18 very difficult.
- 19 We have all been working at home for
- 20 really the first time ever, undergoing
- 21 processes, procedures, control environments
- 22 that have been untested, and there is poor
- 23 communication.
- So I am relaying, as I'm telling you
- 25 now, what is in the email. And unless

Page 208 1 WATERHOUSE - 10-19-21 2. something has changed -- to my knowledge, it 3 hasn't changed, but it could have changed. 4 When you say that the advisors have 5 the full faith and backing from Mr. Dondero, 6 did you intend to convey that, to the extent 7 the advisors were unable to satisfy their obligations as they become due, Mr. Dondero 8 would do it for them? 9 10 MS. DANDENEAU: Object to the form. 11 MS. DEITSCH-PEREZ: Object to the 12 form. 13 And, John, we have given you a lot 14 of leeway here but this does not seem 15 relevant to this case. You seem sort of taking a complete sort of diversion into 16 17 the allegations and the complaint just 18 filed on Friday, and so I would ask you to 19 move on because --20 MR. MORRIS: And I will tell you --21 I will tell you that I have never read that 22 complaint cover-to-cover. I have nothing 23 to do with the prosecution of those claims. 24 And this issue that we're talking about 25 right now is related solely to the

Page 209 1 WATERHOUSE -10-19-21promissory notes that your clients refuse 3 to pay. So I'm going to continue to ask my 4 5 questions, and I would ask the court 6 reporter to read back my last question. 7 (Record read.) MS. DEITSCH-PEREZ: And then I 8 9 believe there were objections to form. 10 You can answer the question. Q. 11 Α. Yes. 12 Thank you very much, sir. Q. 13 MR. MORRIS: Can we go back to the 14 other document, please? 15 Mr. Waterhouse, do you know if this Q. document was ever shared with the retail board? 16 17 I don't recall. Α. 18 Did you ever share it with the Q. retail board? 19 20 Α. I don't recall. 21 Did you ever tell the retail board Q. 22 about the substance of this document? 23 I don't recall. Α. 24 O. Did you ever tell the retail board that Highland had agreed not to make a demand 25

Page 210 1 WATERHOUSE - 10-19-21

- 2 against HCMFA until May 2021?
- 3 A. I don't recall.
- 4 Q. Do you know whether anybody on
- 5 behalf of the advisors ever informed the retail
- 6 board that Highland had agreed on April 15,
- 7 2019, not to make a demand against HCMFA under
- 8 the promissory notes?
- 9 A. I don't recall.
- 10 Q. Did you instruct Ms. Thedford or
- 11 anybody else responding to the retail board's
- 12 15(c) inquiry to disclose this document?
- 13 A. Did I instruct Ms. Thedford or
- 14 anyone else to -- to -- to produce this, to
- 15 disclose this document? Is that what you -- I
- 16 just want to make sure.
- 17 Q. Uh-huh.
- 18 A. Yeah, I don't -- I don't recall.
- 19 Q. Did you instruct anybody to inform
- 20 the retail board, in response to their question
- 21 as part of the 15(c) process, to -- to tell the
- 22 retail board about Highland's agreement not to
- 23 make a demand until 2021?
- MS. DANDENEAU: Objection to form.
- 25 A. I don't recall.

- 1 WATERHOUSE 10-19-21
- 2 O. Did you ever inform PwC that HCMFA's
- 3 liabilities exceeded its assets?
- 4 MS. DANDENEAU: Object to the form.
- 5 A. I don't -- I don't think I told
- 6 them. I mean, they -- they audited the
- 7 financial statements.
- 8 Q. Did -- do you know if anybody on
- 9 behalf of Highland ever informed
- 10 PricewaterhouseCoopers that HCMFA may be unable
- 11 to repay amounts owing to Highland, should they
- 12 become due?
- MS. DANDENEAU: Objection to form.
- 14 A. Yes. Again, I think I testified
- 15 earlier that -- that this was communicated to
- 16 the auditors.
- 17 O. Ideally --
- 18 A. I don't know who exactly did that.
- 19 I don't recall doing it, but, yeah, it was --
- 20 it was communicated. And that is why -- I
- 21 mean, there is a disclosure in the financial
- 22 statements; right?
- 23 Q. There is, and that disclosure
- 24 relates to the last sentence of this document;
- 25 correct?

Page 212 1 WATERHOUSE - 10-19-21 Α. Yes. 3 Do you recall looking in the 0. 4 document and seeing anything that was disclosed 5 with respect to the sentence above that? 6 Α. No. 7 Do you know whether anybody on O. behalf of Highland ever informed 8 9 PricewaterhouseCoopers that HCMFA expects that 10 it may be unable to repay amounts due and owing to Highland should they become due? 11 12 MS. DEITSCH-PEREZ: Object to the 13 I think that is the third time. I don't recall. Again, as I said, 14 Α. we -- all of this was given to the auditors. 15 16 Do you know if Highland received 0. anything of value in exchange for its agreement 17 not to demand payment on amounts owed by HCMFA 18 19 prior to May 31st, 2021? 20 MS. DEITSCH-PEREZ: Object to the 21 That is the second time. form. 22 MS. DANDENEAU: Object to the form. 23 Α. I have answered this question. 24 MR. RUKAVINA: Hold on. Object to

legal conclusion. Go ahead.

25

Page 213 1 WATERHOUSE -10-19-212 Α. I have answered this question 3 before. 4 And the answer was no? Ο. 5 Α. I'm not aware. 6 Ο. Now, this acknowledgment can't 7 possibly apply to the two notes that you signed on behalf of HCMFA because those notes were 8 9 signed on May 2nd and May 3rd, 2019; is that 10 right? 11 MS. DANDENEAU: Objection to form. 12 Unless there is a drafting error. Α. 13 Okay. Are you aware of a drafting Q. 14 error? I'm not aware. I didn't -- I wasn't 15 Α. part of -- I didn't sign this note or this 16 acknowledgment. I didn't draft it. 17 18 But you do see it is dated April 15, Ο. 19 2019; right? 20 Α. Yes. 21 And this was a document that was Ο. 22 actually included by the advisors in a pleading 23 they filed with the Court; right? 24 MR. RUKAVINA: Well, I don't know

that so I object to form.

25

Page 214 1 WATERHOUSE - 10-19-21 Ο. Okay. Let's go to the first page of 3 the document and just confirm that. 4 MR. AIGEN: Mr. Morris, I just note 5 that you already said there was some error 6 with the document that is listed as 7 exhibit --8 MR. MORRIS: No. No, no, no. 9 MS. DEITSCH-PEREZ: Oh, okay. 10 MR. MORRIS: What I said is that 11 there is a few pages that were mistakenly 12 stapled to the end of the document. 13 MS. DEITSCH-PEREZ: Okay. 14 MR. MORRIS: There is no problem 15 with this document. 16 MS. DEITSCH-PEREZ: And just so 17 we're clear that the document -- the pages 18 that start with defendant's amended answer 19 are not intended to be part of this 20 document? 21 MR. MORRIS: That's correct. 22 MS. DEITSCH-PEREZ: And that the --23 but it is your representation that the rest of the document is -- is -- is correct 24 25 because we don't -- we don't have any way

```
Page 215
 1
                  WATERHOUSE - 10-19-21
          of verifying that, we're just --
 2
 3
                MR. MORRIS: You do, actually. You
 4
          could just go to Docket No. 21-3004.
 5
                MS. DEITSCH-PEREZ: If you want to
 6
          stop this deposition so we can go and pull
 7
          that document up, we're happy to do it. So
          I am just asking you for your
 8
 9
          representation.
10
                             Sure. I gave that.
                MR. MORRIS:
11
                MS. DEITSCH-PEREZ:
                                    Okay.
12
                So do you see that this is a
          Q.
13
     document that was actually filed with the Court
     by Highland Capital Management Fund Advisors?
14
15
          Α.
                No.
                     I get with the first page in
     the section. Maybe I'm looking at the wrong
16
             It says, Highland Capital Management.
17
     thing.
                Don't worry about it. Don't worry
18
          Q.
     about it.
19
20
          Α.
                Maybe I went back -- okay.
21
                MR. MORRIS: All right. Can we put
22
          up on the screen Exhibit 2.
23
                (Exhibit 2 marked.)
24
                MR. MORRIS: I think it is
25
          Exhibit 1.
```

Page 216 1 WATERHOUSE - 10-19-21 MS. DANDENEAU: I'm sorry, John, did 3 you say Exhibit 2 or Exhibit 1? MR. MORRIS: It is Exhibit 2 in the 4 5 binders so it is premarked Exhibit 2. And now I'm asking -- right there -- going to 6 7 Exhibit 1 to the document that was marked as Exhibit 2. 8 9 MS. DANDENEAU: Got it. In the 10 binder there is no --11 MS. DEITSCH-PEREZ: There is no 12 Exhibit 1. 13 MR. MORRIS: All right. So look at the one on the screen. 14 15 Do you see, Mr. Waterhouse, that Q. this is a promissory note dated May 31st, 2017, 16 in the approximate amount of \$30.7 million? 17 18 Α. Yes. 19 And do you see that the maker of the Ο. 20 note is NexPoint? 21 Α. Yes. 22 And that Highland is the payee; is 0. 23 that right? 24 Α. Yes. 25 Okay. And do you see in Paragraph 2 Q.

Page 217

WATERHOUSE - 10-19-21

- 2 this is an annual installment note?
- 3 A. Can you scroll down.
- 4 Q. Sure.
- 5 MR. MORRIS: Can we scroll down --
- 6 yeah, there you go.
- 7 A. Right there, yeah. Yes.
- 8 MR. MORRIS: And can we scroll down
- 9 to the signature line.
- 10 Q. And do you recognize that as
- 11 Mr. Dondero's signature?
- 12 A. Yes.
- 13 Q. And is this the promissory note that
- 14 we talked about earlier where NexPoint had made
- 15 certain payments in the aggregate amount of
- 16 about 6 to \$7 million against principal and
- 17 interest?
- 18 A. I don't recall discussing the
- 19 aggregate principal amounts of 6 to \$7 million,
- 20 but -- so I don't -- I don't recall that prior
- 21 discussion with those amounts.
- Q. All right. Let's take a look.
- 23 NexPoint always included this promissory note
- 24 as a liability on its audited financial
- 25 statements; right?

Page 218 1 WATERHOUSE - 10-19-21 Α. Yes. 3 And NexPoint had its financial 0. statements audited; isn't that correct? 4 5 Α. Yes. 6 0. And was the process of NexPoint's 7 audit similar to the process you described earlier for Highland and HCMFA? 8 Yes, it is similar. 9 Α. 10 Q. Okay. 11 MR. MORRIS: Can we put up 12 NexPoint's audited financials and let 13 everybody know what exhibit number it is, 14 La Asia? MS. CANTY: It is going to be 15 16 Exhibit 46. 17 (Exhibit 46 marked.) 18 And do you see, sir, that we've put Q. up NexPoint Advisors' consolidated financial 19 20 statements and supplemental information for the period ending December 31st, 2019? 21 22 Α. Yes. 23 Did you participate in the process 0. whereby these audited financial statements were 24 25 issued?

- 1 WATERHOUSE 10-19-21
- 2 A. I didn't participate directly, as
- 3 I've described before, about the -- the team
- 4 performing the audit.
- 5 Q. Do you recall when the audit of
- 6 NexPoint's financial statements for the period
- 7 ending December 31st, 2019 was completed?
- 8 A. Yes.
- 9 Q. And when do you recall it being
- 10 completed?
- 11 A. In January of 2021.
- 12 Q. Do you know why the 2019 audit
- 13 report wasn't completed until January of 2021?
- 14 A. Yes.
- 15 Q. Why was the NexPoint audit report
- 16 for the period ending 12/31/19 not completed
- 17 until January 2021?
- 18 A. Because we had to deal with working
- 19 from home from -- with COVID, and on top of all
- 20 of our daily responsibilities and job duties
- 21 at -- at providing -- at Highland providing
- 22 services to NexPoint, we had to do all of this
- 23 extra work for a bankruptcy that was filed in
- 24 October of 2019.
- MR. MORRIS: Can we go to the

Page 220 1 WATERHOUSE - 10-19-21 balance sheet on page 3? Okay. Stop right 3 there. 4 Do you see under the liabilities section, the last item is note payable to 5 affiliate? 6 7 Α. Yes. And is that the note that we just 8 Ο. looked at? 9 10 MS. DANDENEAU: Objection to form. 11 Q. Withdrawn. 12 Is that the approximately 13 \$30 million note that we just looked at that 14 was dated from 2017? 15 MS. DANDENEAU: Objection to form. 16 I believe no. Α. 17 Okay. You're not aware of any other Q. note that was outstanding from NexPoint to 18 Highland as of the end of the year 2019, other 19 20 than that one \$30 million note; right? 21 I don't recall. Α. 22 And as of the end of 2019, the 0. principal amount that was due on the note was 23 24 approximately \$23 million; right? 25 MS. DEITSCH-PEREZ: Object to the

Page 221 1 WATERHOUSE - 10-19-21 form. 3 Α. Approximately. 4 And does that refresh your Ο. 5 recollection that between the time the note was executed and the end of 2019, that NexPoint had 6 7 paid down approximately \$7 million? Α. Yes. If we are just doing the math, 8 9 yes. 10 Okay. Did NexPoint complete its Ο. audit from 2020? 11 12 Sorry, you kind of broke up. Α. Do 13 NexPoint complete? The audit of its financial 14 0. 15 statements for the period ending December 31st, 2020? 16 17 Α. No. No, it's not complete? 18 Q. 19 No, it is not complete. Α. 20 Did HCMFA complete its audit for the Q. year ending December 31st, 2020? 21 22 Α. No. 23 MR. MORRIS: Can we go to page 15, 24 please, the paragraph at the bottom.

Do you see that NexPoint has

25

Q.

- 1 WATERHOUSE 10-19-21
- 2 included under notes payable to Highland a
- 3 reference to the amounts that were outstanding
- 4 as of the year-end 2019 under the note that we
- 5 looked at just a moment ago?
- 6 A. Yes. Are you talking about the
- 7 second paragraph?
- 8 Q. I'm actually talking about first
- 9 paragraph. Do you understand that the first
- 10 paragraph is a reference to the 2017 note, and
- 11 the amounts that were -- the principal amount
- 12 that was outstanding as of the end of 2019?
- MS. DANDENEAU: Objection to form.
- John, do you mean the first paragraph of
- 15 that page?
- MR. MORRIS: No, the first paragraph
- 17 under notes payable to Highland.
- 18 A. Yeah, I see the paragraph, and
- 19 again, this is what I answered earlier. I
- 20 believe so, just because I don't -- again, this
- 21 is a number in a balance sheet, and without
- 22 matching it up and seeing the detail with the
- 23 schedule like I kind of talked about for
- 24 Highland's financial statements, it is a little
- 25 bit more difficult to tie everything in

- 1 WATERHOUSE 10-19-21
- 2 perfectly together.
- 3 Q. Okay. But you're not aware of any
- 4 note that was outstanding at the end of 2019
- 5 from NexPoint to Highland other than whatever
- 6 principal was still due and owing under the
- 7 \$30 million note issued in 2017; correct?
- 8 A. Well, it -- I don't -- there is
- 9 reference in the second paragraph. I don't --
- 10 I don't -- I don't recall what that is
- 11 referring to, so I don't -- I don't know.
- 12 Q. Well, if you listen carefully to my
- 13 question, right, I'm asking about notes that
- 14 were outstanding at the end of 2019, and if we
- 15 look at the paragraph you just referred to, it
- 16 says that during the year there were new notes
- 17 issued totaling \$1.5 million, but by the end of
- 18 the year, no principal or interest was
- 19 outstanding on the notes.
- 20 Do you see that?
- 21 A. Oh, I do, yes.
- 22 Q. So does that refresh your
- 23 recollection that there were no notes
- 24 outstanding from NexPoint to Highland other
- 25 than the principal remaining under the original

- 1 WATERHOUSE 10-19-21
- 2 \$30 million 2017 note that we looked at a
- 3 moment ago?
- A. Well, we're at the bottom of the
- 5 page. Is there anything on page 16?
- 6 Q. That is a fair question, sure. That
- 7 is it.
- 8 A. Okay. So it appears that that is
- 9 the only note that is detailed in the notes in
- 10 the financial statement.
- 11 Q. And you don't have any memory of any
- 12 other note other than the 2017 note, right,
- 13 being outstanding as of the end of the year?
- 14 A. I deal with thousands of
- 15 transactions every year. I don't really have a
- 16 very specific memory for what exactly was
- 17 outstanding.
- MR. MORRIS: Why don't we take a
- break now. We've been going for a little
- while. It's 3:26. Let's come back at
- 21 3:40.
- VIDEOGRAPHER: We're going off the
- 23 record at 3:26 p.m.
- 24 (Recess taken 3:26 p.m. to 3:39 p.m.)
- 25 VIDEOGRAPHER: We are going back on

Page 225

WATERHOUSE - 10-19-21

- the record at 3:39 p.m.
- 3 Q. All right. Mr. Waterhouse, we -- I
- 4 don't think we have a lot more here.
- 5 To the best of your knowledge and
- 6 recollection, were all affiliate loans and all
- 7 loans made to Mr. Dondero recorded on
- 8 Highland's books and records as assets of
- 9 Highland?
- 10 MS. DANDENEAU: Object to the form,
- 11 asked and answered.
- 12 A. To my knowledge, yes.
- 13 Q. Okay. Can you recall any loan to
- 14 any affiliate or Mr. Dondero that was not
- 15 recorded on Highland's books and records as an
- 16 asset?
- 17 A. Like during my time as CFO? I don't
- 18 recall.
- 19 O. How about after the time that you
- 20 were CFO? Did you recall that there was a loan
- 21 by Highland to an affiliate or to Mr. Dondero
- 22 that hadn't been previously recorded on
- 23 Highland's books as an asset?
- MS. DANDENEAU: Objection to form.
- 25 A. I guess I don't understand the

- 1 WATERHOUSE 10-19-21
- 2 question. I left Highland as of -- I'm not
- 3 aware of -- I left Highland in February --
- 4 probably the last day of February of 2021.
- Q. Okay.
- 6 A. I'm not -- I'm not aware of any --
- 7 I'm not aware of anything past that date.
- 8 Q. Okay. While you were the CFO at
- 9 Highland, did Highland prepare in the ordinary
- 10 course of business a document that reported
- 11 operating results on a monthly basis?
- 12 A. Yes.
- Q. And are you generally familiar with
- 14 the monthly operating reports?
- 15 A. Yeah. You are referring to the
- 16 reports that we filed to the Court every month?
- 17 Q. I apologize, I'm not. I'm taking
- 18 you back to the pre-petition period. There was
- 19 a report that I have seen that I'm going to
- 20 show you, but I'm just asking for your
- 21 knowledge.
- MR. MORRIS: Let's put it up on the
- 23 screen, Exhibit 39.
- 24 (Exhibit 39 marked.)
- Q. Do you see this is a document that

- 1 WATERHOUSE 10-19-21
- 2 is called operating results?
- 3 A. Yeah, that's the title of it.
- 4 Q. Okay. And was a report of operating
- 5 results prepared by Highland on a monthly basis
- 6 during the time that you served as CFO?
- 7 A. No.
- 8 Q. Are you familiar with a document of
- 9 this type? And we can certainly look at the
- 10 next page or two to refresh your recollection.
- 11 A. I'm just looking at the title. I
- 12 don't really -- again, as I discussed before, I
- don't have any records or documents or emails
- or appointments or anything that I was able to
- 15 use prior to -- prior to this deposition, so
- 16 I'm doing the best I can.
- 17 Q. Okay. You don't need to apologize.
- 18 I'm just asking you if you are familiar with
- 19 the document called Operating Results that was
- 20 prepared on a monthly basis at Highland?
- 21 MS. DEITSCH-PEREZ: Object to the
- 22 form.
- Q. If you're not, you're not.
- A. I don't believe this was prepared on
- 25 a monthly basis.

Page 228

1 WATERHOUSE - 10-19-21

- Q. Okay. Do you see that this one
- 3 is -- is dated February 2018?
- 4 A. Yes.
- 5 Q. Do you have -- do you believe --
- 6 have you ever seen a document that was
- 7 purporting to report operating results for
- 8 Highland?
- 9 MS. DANDENEAU: Objection to form.
- 10 A. Yes.
- 11 Q. Okay. And when you say that you
- don't believe it was produced on a monthly
- 13 basis, was it produced on any periodic bases to
- 14 the best of your recollection?
- 15 A. I believe it was -- it was prepared
- 16 on an annual basis.
- 17 Q. Okay.
- 18 MR. MORRIS: Can we look at the next
- 19 page.
- 20 Q. Do you see that there is a statement
- 21 here called: Significant items impacting
- 22 HCMLP's balance sheet?
- 23 And it is dated February 2018.
- 24 A. Yes.
- Q. Do you recall that there was a

- 1 WATERHOUSE 10-19-21
- 2 report that Highland prepared that identified
- 3 significant items impacting the balance sheet?
- 4 A. A report that was prepared.
- 5 Q. Let me ask a better question: Did
- 6 Highland prepare reports to the best of your
- 7 recollection that identified significant items
- 8 that impacted its balance sheet?
- 9 A. Well, so Highland prepared a -- a
- 10 monthly close package. And maybe I'm
- 11 getting -- and -- and maybe change names at one
- 12 time or maybe I'm just -- again, just
- 13 misremembering -- but in that, yes, there is a
- 14 page that would detail just changes in -- you
- 15 know, just changes month over month on the
- 16 balance sheet.
- 17 Q. Okay. And maybe it is my fault.
- 18 Maybe I didn't know the proper name for it.
- 19 But let's use the phrase "monthly close"
- 20 package."
- 21 Did Highland prepare a monthly close
- 22 package in the ordinary course of business
- 23 during the time that you served as CFO?
- MS. DANDENEAU: Objection to form.
- 25 A. Yes.

- 1 WATERHOUSE 10-19-21
- Q. And did the monthly close package
- 3 that Highland prepared include information
- 4 concerning significant items that impacted
- 5 Highland's balance sheet?
- 6 A. Yes, it had a page like that is --
- 7 that is on the screen that detailed items
- 8 like -- of that nature.
- 9 Q. And do you know who -- was there
- 10 anybody at Highland who was responsible for
- 11 overseeing the preparation of the monthly
- 12 reporting package?
- 13 A. That would have been -- again, it
- 14 varies over time during my tenure as CFO.
- 15 It -- it varied over -- over time, but -- but
- 16 typically a -- a corporate accounting manager.
- 17 Q. And who were the corporate
- 18 accounting managers during your tenure as CFO?
- 19 A. It would have been Dave Klos and
- 20 Kristin Hendrix.
- Q. And did the corporate accounting
- 22 manager deliver to you drafts of the monthly
- 23 close package before it was finalized?
- 24 A. Sometimes.
- Q. Was that the practice even if there

WATERHOUSE -10-19-21

Page 231

- 2 were exceptions to the practice?
- 3 A. The practice meaning that they
- 4 sometimes lured them to me?
- 5 O. That that was the expectation even
- 6 if circumstances prevented that from happening
- 7 from time to time.
- 8 MS. DEITSCH-PEREZ: Object to the
- 9 form.

1

- 10 A. I -- I would say it started out that
- 11 way but over the years it -- it was not
- 12 enforced.
- 13 Q. Okay. So you were -- you reviewed
- 14 and approved monthly -- monthly reporting
- 15 packages for a certain period of time and then
- 16 over time you stopped doing that.
- 17 Do I have that right?
- MS. DANDENEAU: Objection to form.
- 19 A. Yes, I mean, if you're talking about
- 20 a formal meeting where we sit down and go
- 21 through and approve it. I would say that was
- 22 standard practice a decade -- you know, early
- 23 on. And as time went on that -- that -- that
- 24 practice wasn't followed.
- 25 Q. Okay.

- 1 WATERHOUSE 10-19-21
- 2 A. And, quite frankly, I don't even
- 3 know if these were -- these were sent to me
- 4 even in any capacity.
- 5 Q. What was the purpose of preparing
- 6 the monthly reporting package -- withdrawn.
- 7 What was the purpose of preparing
- 8 the monthly close package?
- 9 MS. DEITSCH-PEREZ: Object to the
- 10 form.
- 11 A. The -- the original purpose was so
- 12 that it would just -- it would be a report that
- was reviewed monthly with senior management.
- 14 O. Who was included in the idea of
- 15 senior management?
- 16 A. You know, I think originally when
- 17 this was conceived that would have been like
- 18 Jim Dondero and Mark Okada.
- 19 Q. Were monthly reporting -- withdrawn.
- 20 Were monthly close packages prepared
- 21 to the best of your knowledge until the time
- 22 you left Highland?
- 23 A. To my knowledge -- I don't know,
- 24 actually. I mean, to my knowledge, I believe
- 25 it was being -- that was still being done. I

- 1 WATERHOUSE 10-19-21
- 2 don't know because, again, I wasn't reviewing
- 3 them. I hadn't reviewed a close package for --
- 4 for a long time. But I believe the standard
- 5 practice that was still being carried out.
- 6 Q. Did you ever have any discussions
- 7 with the debtor's independent board concerning
- 8 any promissory notes that were issued by any of
- 9 the affiliates or Mr. Dondero?
- 10 A. I can't -- I can't -- I can't recall
- 11 specifically.
- 12 Q. Did you speak with the independent
- 13 board from time to time?
- 14 A. Yes, from -- from -- from time to
- 15 time I had discussions with the independent
- 16 board members, you know, either -- either, you
- 17 know, by themselves or wholly, you know, as --
- 18 as a -- as a combined work.
- 19 O. Okay. Before we talk about
- 20 Mr. Seery, do you recall ever having a
- 21 conversation with Mr. Nelms or Mr. Dubel
- 22 concerning any promissory note that was
- 23 rendered by one of the affiliates or
- 24 Mr. Dondero to Highland?
- 25 A. I don't recall any conversations

- 1 WATERHOUSE 10-19-21
- 2 specifically.
- Q. Do you know if the topic was ever
- 4 discussed, even if you don't remember it
- 5 specifically?
- 6 MS. DANDENEAU: Objection to form.
- 7 A. It -- it -- it may have. I don't
- 8 know. I don't recall.
- 9 Q. Do you recall ever discussing any
- 10 promissory note issued by any of the affiliates
- or Mr. Dondero with James Seery?
- 12 A. I don't -- I don't recall
- 13 specifically.
- 14 Q. Do you recall generally ever
- 15 discussing the topic of promissory notes issued
- 16 by any of the affiliates or Mr. Dondero to
- 17 Highland with Mr. Seery?
- 18 A. Nothing -- nothing is really jumping
- 19 out at me.
- 20 Q. Do you recall if you ever told
- 21 Mr. Seery that any of the affiliates or
- 22 Mr. Dondero didn't have an obligation to pay
- 23 all amounts due and owing under their notes?
- 24 A. I don't recall having that
- 25 conversation.

- 1 WATERHOUSE 10-19-21
- Q. Did you ever tell Mr. Seery that you
- 3 had any reason to believe that the amounts
- 4 reflected in the notes issued by the affiliates
- 5 and Mr. Dondero were invalid for any reason?
- 6 A. I don't -- I don't recall.
- 7 Q. Did you tell Mr. Dondero -- did you
- 8 tell Mr. Seery that you thought the promissory
- 9 notes issued by the advisors and Mr. Dondero
- 10 that were outstanding as of the petition date
- 11 were assets of the estate?
- 12 A. I don't recall having a specific
- 13 conversation about those -- you know, those
- 14 notes outstanding as -- as of the petition date
- 15 being assets on the estate. I mean, we put
- 16 together -- you know, they're in the books and
- 17 records of the financial statements. I don't
- 18 recall having a specific conversation.
- 19 Q. Did you ever prepare any documents
- 20 that were delivered to Mr. Seery that concerned
- 21 the promissory notes issued by any of the
- 22 affiliates or Mr. Dondero?
- 23 MS. DANDENEAU: Objection to form.
- 24 A. Did I produce any that concerned --
- 25 you mean did I just -- did I give Mr. Seery

Page 236 1 WATERHOUSE - 10-19-21 anything that -- that said I have concerns over 3 these notes? 4 No. Let me try again. Maybe it was Ο. 5 my question. 6 Did you ever give Mr. Seery any 7 information concerning any of the notes that were issued by any of the affiliates or 8 Mr. Dondero? 9 10 MS. DANDENEAU: Objection to form. 11 I don't recall if I did or not. don't -- I don't remember. I mean, you have my 12 13 emails. You may have asked. Again, I don't --I don't know. 14 15 MR. MORRIS: Can we put up the 16 document that has been premarked as Exhibit 17 39? 18 MS. DANDENEAU: John, that is this 19 document, isn't it? 20 MR. MORRIS: Oh, yeah, it might be, 21 as a matter of fact. Let's go to Number 22 40. 23 (Exhibit 40 marked.) 24 During the bankruptcy, Ο. 25 Mr. Waterhouse, did you prepare documents that

- 1 WATERHOUSE 10-19-21
- 2 were filed with the bankruptcy court?
- 3 A. I didn't -- I didn't prepare them
- 4 personally.
- 5 Q. Did people prepare them under your
- 6 direction?
- 7 A. Yes. There were members of the team
- 8 that prepared them, and they worked in -- you
- 9 know, there were members of DSI that were
- 10 involved in the process as well.
- 11 Q. To the best of your knowledge, did
- 12 DSI rely on the employees of Highland for the
- information that they used to prepare the
- 14 bankruptcy filings?
- 15 A. Yes. The books and records were
- 16 with the Highland personnel.
- 17 Q. Okay. And do you see on the screen
- 18 here, there is a document that we have marked
- 19 as Exhibit 40 that is -- that is titled Summary
- 20 of Assets and Liabilities?
- 21 A. Uh-huh.
- Q. Okay. And do you recall reviewing
- 23 any summary of assets and liabilities before it
- 24 was filed with the bankruptcy court?
- 25 A. Yes, I recall reviewing this at a

WATERHOUSE - 10-19-21

Page 238

2 high level.

1

- 3 Q. And did you believe that it was
- 4 accurate at the time it was filed?
- 5 A. I didn't have any other reason to
- 6 believe otherwise.
- 7 Q. Okay. Do you see that the total
- 8 value of all properties listed in Part 1 is
- 9 approximately \$410 million?
- 10 MS. DEITSCH-PEREZ: Objection to
- 11 form.
- 12 A. Yes, it is in 1c.
- 13 Q. Yes.
- 14 A. Yes, I see that.
- 15 Q. Okay. If we go to the second page,
- 16 now I think I may just have excerpts here, just
- 17 so everybody is clear, but if we scroll down to
- 18 the second page, you will see that there is
- 19 a -- a little further. There you go. You will
- 20 see there is a reference to Item 71, notes
- 21 receivable.
- Do you see that?
- 23 A. I do.
- O. And that was a reference to the
- 25 notes receivable from the affiliates and

- 1 WATERHOUSE 10-19-21
- 2 Mr. Dondero, among others; is that right?
- 3 MS. DANDENEAU: Objection to form.
- 4 A. Yes. The affiliate notes and the
- 5 Dondero notes were in this amount, but they
- 6 weren't -- again, like you said, and among
- 7 others.
- 8 Q. Okay. We will look at the
- 9 specificity because I'm not playing gaming
- 10 here, but do you know if the \$150 million of
- 11 notes receivable was included within the
- 12 \$410 million of total value of the debtor's
- 13 assets?
- MS. DANDENEAU: Objection to form.
- 15 A. I -- I -- I believe so.
- 16 Q. Right. And so is it fair to say
- 17 that as of the date this document was prepared,
- 18 the notes receivable were more than one-third
- 19 of the value of the debtor's assets?
- MS. DEITSCH-PEREZ: Object to the
- 21 form.
- MS. DANDENEAU: Object to the form.
- A. Again, if you are just taking the
- 24 math, 150 divided by whatever the \$400 million
- 25 number is above, then yes, you get there.

Page 240 1 WATERHOUSE - 10-19-21

- 2 O. Okay.
- 3 A. You know, but as of the time of this
- 4 filing, that is what was put in this filing,
- 5 right, but, you know, I mean, numbers --
- 6 numbers change, facts and circumstances change.
- 7 Q. But as the CFO of Highland, the
- 8 debtor in bankruptcy, did you believe that this
- 9 number accurately reflected the total amount
- 10 due under the notes receivable?
- 11 A. That is what we had in our books and
- 12 records.
- 13 Q. Okay. And did you believe as the
- 14 CFO that the books and records accurately
- 15 reported the then value of the debtor's assets?
- MS. DANDENEAU: Objection to form.
- 17 A. We didn't -- as part of this filing,
- 18 there was no fair value measurement or
- 19 anything. These were just accounting entries
- 20 for the promissory notes. There is no analysis
- 21 for impairment or fair market value adjustments
- 22 or anything of that nature. This is purely
- 23 taking numbers and putting them in our form.
- Q. Did you do any impairment analysis
- 25 at any time while you were employed by

WATERHOUSE - 10-19-21

Page 241

2 Highland?

1

- 3 A. Yes, we did do impairment analysis
- 4 on -- on assets.
- 5 Q. Okay. Did you ever do an impairment
- 6 analysis on any of the promissory notes that
- 7 were given to Highland by any of the affiliates
- 8 or Mr. Dondero?
- 9 A. Not that I recall.
- 10 Q. Under what circumstances do you
- 11 prepare impairment analyses?
- 12 A. As -- as -- if you're preparing
- 13 financials in accordance with GAAP, generally
- 14 accepted accounting principles, if you're
- 15 preparing full GAAP financials, you should be
- 16 preparing -- you should be undergoing on a
- 17 periodic basis any fair market value
- 18 adjustments to assets.
- 19 As I was instructed at the time of
- 20 the petition date, we weren't producing GAAP
- 21 financials. So this wasn't something I was
- 22 worried about nor concerned about.
- Q. Okay. Were NexPoint and HCMFA and
- 24 Highland's audited financial statements
- 25 prepared in accordance with GAAP?

- 1 WATERHOUSE 10-19-21
- 2 A. The audited financials -- yes,
- 3 audited financial statements are prepared in
- 4 accordance with GAAP.
- 5 Q. Do you recall whether any of
- 6 Highland or HCMFA or NexPoint ever made a fair
- 7 market value adjustment to any of the notes
- 8 issued by any of the affiliates or Mr. Dondero
- 9 to Highland?
- 10 A. I do not recall that happening, but
- 11 the -- it is because under -- under GAAP,
- 12 the -- the treatment of liabilities is
- 13 different than assets.
- 14 Q. Okay. So then let's just focus on
- 15 Highland's audited financial statements.
- 16 The last audited financial
- 17 statements were for the period ending December
- 18 31st, 2018; correct?
- 19 A. That is my understanding.
- 20 Q. And you had -- you had an obligation
- 21 to disclose anything to PricewaterhouseCoopers
- 22 concerning any subsequent events between the
- end of 2018 and June 3rd, 2019; correct?
- MS. DANDENEAU: Objection to form.
- 25 MS. DEITSCH-PEREZ: Form.

Page 243 1 WATERHOUSE - 10-19-21

- 2 A. Correct.
- 3 Q. Okay. To the best of your
- 4 knowledge, as Highland's CFO, did Highland ever
- 5 make any fair market value adjustments to any
- of the promissory notes that were carried on
- 7 its balance sheet and that were issued by any
- 8 of the affiliates or Mr. Dondero?
- 9 A. I think I answered that question
- 10 earlier. I don't recall doing that for any of
- 11 the -- those -- those notes. So it would have
- 12 included the audit for the -- for the 2018
- 13 period.
- 14 Q. Okay.
- MR. MORRIS: Can we go to the next
- page.
- 17 Q. Do you see this is a note a list of
- 18 notes receivable? Do you see that?
- 19 A. Yes, I do.
- 20 Q. And do you see that this ties into
- 21 the page that we were just looking?
- 22 A. I'm sorry, can we go back to the
- 23 prior page? I mean, it was at 150,331,222. It
- 24 was on the prior page. Next page. Yes, it
- 25 agrees.

- 1 WATERHOUSE 10-19-21
- 2 O. Okay. So now let's look at that
- 3 schedule. So this was the face amount of all
- 4 of the promissory notes that Highland held at
- 5 the time this document was filed with the
- 6 bankruptcy court; right?
- 7 A. Yes.
- 8 Q. There is a footnote there that says,
- 9 doubtful or uncollectible accounts are
- 10 evaluated at year-end.
- 11 Do you see that?
- 12 A. I do.
- Q. Okay. And is it fair to say that as
- of the year-end 2018, the year before this,
- 15 that to the extent any of these notes were
- 16 outstanding at that time, they weren't deemed
- 17 to be doubtful or uncollectible?
- 18 A. Yeah. For the 2018 audit, there
- 19 weren't any -- there weren't any adjustments to
- 20 fair value.
- 21 Q. Okay. And during the bankruptcy, do
- 22 you recall that Highland subsequently reserved
- 23 for the Hunter Mountain Investment Trust note?
- 24 A. Yes.
- Q. Why did Highland -- were you

- 1 WATERHOUSE 10-19-21
- 2 involved in the decision to reserve the Hunter
- 3 Mountain Investment Trust note?
- 4 A. I was not.
- 5 Q. Do you know why Highland decided to
- 6 reserve for the Hunter Mountain Investment
- 7 Trust note?
- 8 A. I don't know yet decision was made.
- 9 I believe it was made by someone at DSI.
- 10 Q. Okay. I'm just asking if you know
- 11 why.
- 12 Did you ever ask anyone why they
- 13 reserved for that particular note?
- 14 A. I don't recall.
- 15 Q. Do you know whether the debtor
- 16 reserved for any other note on this list during
- 17 the bankruptcy?
- 18 A. Again, I don't recall. I wasn't
- 19 part of any process of -- again, like any fair
- 20 value adjustments or anything to that degree.
- 21 Like I said, a lot of that was done by DSI and
- 22 it was kind of out of our court.
- Q. Okay. Do you know if any note
- 24 receivable on this list was ever deemed by the
- 25 debtor to be doubtful or uncollectible?

- 1 WATERHOUSE 10-19-21
- 2 A. I don't -- I don't have a
- 3 recollection of every filing, so I don't know.
- 4 Q. Did you ever have a discussion with
- 5 anybody at any time about whether any of the
- 6 notes receivable on this list should be deemed
- 7 to be doubtful or uncollectible?
- 8 A. No. As I previously stated, we were
- 9 told we didn't have to keep GAAP financials.
- 10 We weren't having -- you know, there is no
- 11 underlying audits being performed, so I mean,
- 12 it wasn't something I worried about.
- 13 MR. MORRIS: I move to strike.
- 14 Q. Did you ever have a conversation
- 15 with anybody about any of the notes receivable
- and whether they should be deemed to be
- 17 doubtful or uncollectible? Did you have the
- 18 conversation, yes or no?
- MS. DANDENEAU: Objection to form.
- 20 A. I don't recall.
- 21 Q. Do you recall ever telling anybody
- 22 that you believed any of the notes receivable
- 23 on this list should be doubtful -- should be
- 24 deemed to be doubtful or uncollectible?
- MS. DANDENEAU: Objection to form.

- 1 WATERHOUSE 10-19-21
- 2 A. I don't recall. I mean, it may have
- 3 happened, you know, again, when we initially
- 4 getting DSI up to speed and going through
- 5 financials, it may have happened, but I don't
- 6 recall specifically.
- 7 Q. While you were the CFO of Highland
- 8 during the time that the company was in
- 9 bankruptcy, did you have any reason to believe
- 10 that any of the notes receivable on this list
- 11 other than Hunter Mountain Investment Trust
- 12 should have been characterized as doubtful or
- 13 uncollectible?
- MS. DANDENEAU: Objection to form.
- MS. DEITSCH-PEREZ: Form.
- 16 A. I didn't know. I didn't form an
- 17 opinion. Bankruptcy was new to me. It still
- is new to me, even after going through this.
- 19 So I really didn't know what to expect nor
- 20 really -- you know, I didn't know.
- 21 MR. MORRIS: I move to strike.
- Q. During the period of Highland's
- 23 bankruptcy when you were serving as CFO, did
- 24 you have any reason to believe any of the notes
- 25 on this list were doubtful or uncollectible?

Page 248 1 WATERHOUSE - 10-19-21 MS. DEITSCH-PEREZ: This is like the 3 fifth time you've asked it. Object to the 4 form. 5 MR. MORRIS: I'm moving to strike, 6 if you haven't noticed, because he's not 7 answering the question. MS. DEITSCH-PEREZ: He was answering 8 9 the question, you just didn't like it, like 10 the answer. 11 MR. MORRIS: Good Lord. 12 Go ahead, Mr. Waterhouse. Ο. 13 Α. Again, I don't -- we brought up a 14 myriad of issues at the start of the bankruptcy 15 I don't recall if this was one of them, 16 but, again, there are a lot of things we couldn't change. Even, you know, I was told 17 status quo, blah, blah, right, there is a 18 19 stay, you can't -- you know, I don't recall 20 specifically, but that doesn't mean it didn't 21 happen. 22 MR. MORRIS: I move to strike. 23 During the time that Highland was in 0. 24 bankruptcy and you served as CFO, did you have 25 any reason to believe that any of the notes

Page 249 1 WATERHOUSE - 10-19-21 receivable on this list were doubtful or 3 uncollectible? 4 MS. DEITSCH-PEREZ: Object to the 5 form. 6 Α. Potentially. 7 Did you ever tell anybody that? Ο. As I just stated like five times, 8 Α. 9 yes, we -- at the beginning after filing and we 10 were getting DSI and others up to speed, you know, we had a myriad of discussions of a lot 11 of things and this was likely one of them. I 12 13 don't -- but I don't recall specifically we 14 talked --15 0. I don't want to know -- I don't want to know what was --16 17 MS. DEITSCH-PEREZ: Wait, wait. Excuse me. Mr. Morris, you did not let him 18 finish his answer. 19 20 I spoke -- we had -- we were Α. 21 bringing Fred Karesa and Brad Sharp (phonetic) 22 up to speed on all of these items, contracts, and investments and going through -- we had 23

APP 385

hours and hours and hours of discussion.

then not only do I have to repeat this not

24

25

- 1 WATERHOUSE 10-19-21
- 2 once, twice, three, four times with -- you
- 3 know, I mean, we -- I don't -- I don't remember
- 4 the sum culmination of all these discussions.
- 5 They all kind of blend together.
- 6 MR. MORRIS: Okay. I move to strike
- 7 and I will try one more time.
- 8 Q. Did you ever tell anybody at DSI
- 9 that you believed any of the notes receivable
- 10 on this list were doubtful or uncollectible?
- MS. DANDENEAU: Object to form.
- 12 A. Potentially.
- 13 Q. Potentially you told them or
- 14 potentially they were doubtful or
- 15 uncollectible?
- 16 A. Potentially I told them that we
- 17 needed to look at the value of these -- of
- 18 these assets.
- 19 Q. Okay. Did you -- okay. It is
- 20 potential that you told them and it is
- 21 potentially that you didn't; right?
- MS. DANDENEAU: Objection to form.
- A. I've gone through that. I don't
- 24 recall specifically.
- 25 Q. So you should just -- I don't want

Casse 211-033005-ssqj | Dooc 1848-48 | Friterd 100/205/212 | Eintered 100/205/212 178 2128 343 | Prage 2559 off 3599 Page 251 1 WATERHOUSE - 10-19-21 2. to tell what you to do. Do you have --3 MS. DANDENEAU: Good. 0. Other than -- other than telling 4 5 them that they should look at the values, do 6 you have any recollection whatsoever of ever 7 having told anybody at DSI that any of the notes receivable on this page were doubtful or 8 uncollectible? 9 10 MS. DEITSCH-PEREZ: Object to the 11 form. 12 MS. DANDENEAU: Objection. 13 Α. I recall having general discussions 14 about everything on our balance sheet which 15 would have included these -- these notes 16 receivable. 17 0. Okay. I don't recall specifically where 18 Α. those discussions delved into. 19 20 Do you recall any discussion at all Ο.

- on the topic of whether any of these notes on
- 22 this list were doubtful or uncollectible?
- MR. AIGEN: Mr. Morris, how on earth
- is that question different from the
- 25 question that you just asked for the last

Page 252 1 WATERHOUSE - 10-19-21 five times? I mean, really I thought you 3 were -- (overspeak.) 4 MR. MORRIS: Because he never 5 answered it. 6 MS. DEITSCH-PEREZ: Are you 7 listening to him? 8 MR. MORRIS: You know --9 MS. DEITSCH-PEREZ: He basically 10 said that he had a conversation with DSI that went over all of this stuff and that 11 conversation could have included the notes 12 13 but he doesn't recall specifically. 14 What more do you want him -- to ask 15 of him? 16 MR. MORRIS: I want him -- I would love him to say -- I would like him to 17 testify to the truth, and that is he has no 18 recollection. 19 20 MS. DEITSCH-PEREZ: Well, the truth as you would like to see it, but -- but he 21 22 is testifying truthfully. And I -- and, by 23 the way, I move to strike that comment --24 MR. MORRIS: Okay. 25 MS. DEITSCH-PEREZ: -- because it

Page 253 1 WATERHOUSE -10-19-21suggests that he has not testified 3 truthfully. 4 MR. MORRIS: I will ask my question 5 again. And if at any time you want to 6 direct him not to answer, that is your 7 prerogative. Mr. Waterhouse, do you have any 8 0. 9 recollection at all of ever telling anybody 10 from DSI that any of these notes were doubtful or uncollectible? 11 12 MS. DANDENEAU: Object to form. 13 Α. I don't remember specifically. 14 Do you remember generally that Q. 15 specific topic? 16 We generally talked about assets, Α. If -- we had discussions of that and 17 collectability in nature. I mean, of Highland, 18 the funds, the CLOs, the entire complex. We 19 20 had discussions like that, which is, you know, 21 as you look at a billion dollar consolidated 22 balance sheet. 23 So I generally remember -- this is 24 billions of dollars, including these assets --25 having discussions of this -- of this type.

Page 254 1 WATERHOUSE - 10-19-21 2 Q. Do you believe that an affiliate 3 loan on this list was doubtful or 4 uncollectible? Would you have told that to 5 DSI? 6 MS. DANDENEAU: Objection to form. 7 MS. DEITSCH-PEREZ: Object to form. If we had, like -- again, if we --8 Α. 9 if -- if we weren't preparing financial 10 statements in accordance with GAAP, and -- you know, if DSI at that point -- they were --11 again, I was new to bankruptcy. 12 13 The CRO is -- we are delegating everything to the CRO. All the decisionmaking. 14 15 Remember -- remember when you and I went into Delaware Court and we were saying DSI basically 16 does everything, remember this, Mr. Morris? 17 18 You were my counsel at the time, and 19 basically we're running everything through DSI. 20 That was what this was like in the early part. 21 Everything was communicated through 22 DSI. So DSI says this. DSI says that. 23 is what we're doing, and we're pointing out 24 things to them. 25 Now, they decide what direction this

Page 255 1 WATERHOUSE - 10-19-21 2. goes. 3 Did you point out that any of 0. 4 these --5 I don't recall specifically. Α. Okay. At any time that you served 6 0. 7 as Highland's CFO, did you ever point out to DSI that any of these loans were doubtful or 8 uncollectible? 9 10 MS. DEITSCH-PEREZ: Object to the 11 form. 12 MS. DANDENEAU: Objection. 13 Α. If you're asking me if I had a conversation with DSI, if any of these loans 14 15 were doubtful or uncollectible, I don't recall 16 specifically. 17 Do you recall that the debtor filed on the docket monthly operating reports? 18 19 Α. Yes. 20 You prepared those personally, Q. 21 didn't you? 22 MS. DEITSCH-PEREZ: Objection to 23 form. 24 I didn't personally prepare them,

the team did with DSI.

25

Page 256

1 WATERHOUSE - 10-19-21

- Q. But you signed them; correct?
- A. My signature is on the MORs.
- 4 Q. And you signed them as the preparer
- 5 of the document; correct?
- 6 A. Yes, I did this pursuant to DSI's
- 7 instructions.
- 8 Q. Okay. You wouldn't have signed the
- 9 document if you didn't believe it to be
- 10 accurate; correct?
- 11 A. If I had reason to believe it
- 12 wasn't, presumably I wouldn't have signed it.
- Q. Okay. And do you have any reason to
- 14 believe right now that any monthly operating
- 15 report that has your signature on it was
- 16 inaccurate in any way?
- 17 MS. DEITSCH-PEREZ: Object to the
- 18 form.
- 19 A. My understanding of the monthly
- 20 operating reports is we were filing them in
- 21 accordance with the standards set by the Court.
- 22 It wasn't -- you know, again, I don't -- you
- 23 know, it wasn't GAAP. It wasn't these other
- 24 standards, so I testified I didn't have
- 25 experience in this. The CRO was running the

- 1 WATERHOUSE 10-19-21
- 2 show. I followed their advice.
- 3 Q. But you assured yourself that
- 4 everything in the report was accurate before
- 5 you signed them; correct?
- 6 MS. DANDENEAU: Objection to form.
- 7 A. I trusted the guidance from the CRO
- 8 and their team and their experience and their
- 9 guidance for doing this for many, many, many
- 10 years to -- to -- to categorize and put things
- 11 in ways on the form.
- 12 You know, my team had -- had not
- 13 filled out these forms before and needed all of
- 14 this guidance. I'm not an expert in this. I
- 15 have oversight of it. I signed the form. DSI
- 16 told me to.
- 17 Q. And you and your team are the source
- 18 of the information that DSI used to create the
- 19 reports; correct?
- MS. DANDENEAU: Objection to form.
- 21 A. The books and records reside with
- 22 the -- with -- with the corporate accounting
- 23 team.
- Q. Okay. And the corporate accounting
- 25 team was the corporate accounting team that was

Page 258 1 WATERHOUSE - 10-19-21 2. under your direction; correct? 3 Α. Yes. 4 So -- so your team was responsible Ο. for maintaining Highland's books and records; 5 6 correct? 7 I'm sorry, my team was responsible? Α. Correct. 8 Q. 9 They -- they -- they were Α. Yes. 10 the -- the -- the general ledger of Highland, that responsibility was with the corporate 11 12 accounting team. 13 0. The corporate accounting group 14 reported to you; correct? 15 Α. Yes. 16 MR. MORRIS: Can we put up 41, 17 please. 18 (Exhibit 41 marked.) All right. You will see that this 19 Q. 20 is a report that is dated January 31st, 2020, 21 but it is for the month ending December 2019. 22 Do you see that? 23 Α. I do. 24 And you signed this report in your Ο.

capacity as the chief financial officer of

25

Page 259
WATERHOUSE - 10-19-21

- 2 Highland; correct?
- 3 A. Yes.
- 4 Q. And you're the preparer -- you're
- 5 identified as the preparer of the report;
- 6 correct?
- 7 A. That is correct.
- 8 Q. Do you recall participating in the
- 9 preparation of monthly operating reports?
- 10 A. As I testified earlier, it was put
- 11 together, you know, with the team. The team
- 12 worked with DSI to put these monthly operating
- 13 reports together. We had no experience at this
- 14 time of the monthly operating reports or things
- 15 of this nature.
- MR. MORRIS: Can you turn to the
- 17 next page, please.
- 18 Q. Do you see a line item under assets
- 19 due from affiliates?
- 20 A. Yes, I do.
- 21 Q. Okay. And to the best of your
- 22 knowledge and understanding, as the person who
- 23 is identified as the preparer of this report,
- 24 does that line item include the affiliate loans
- 25 that we've been talking about?

- 1 WATERHOUSE 10-19-21
- 2 A. Again, I would have to see, just
- 3 like we did with the financial statements of
- 4 Highland and NexPoint, I would have to see a
- 5 detailed build, but, you know, if you look at
- 6 the other line items, you know, the only other
- 7 place it could be would be in -- in other
- 8 assets.
- 9 Q. Okay. And as a matter of
- 10 arithmetic, is it fair to say that is the value
- 11 of the assets due from affiliates was more than
- 12 25 percent of the value of Highland's total
- 13 assets as of 12/31/2019?
- MS. DANDENEAU: Objection to form.
- 15 A. I'm really not doing the mental math
- 16 right now, so I've been going at this depo for
- 17 hours, so I'm really not -- you know --
- 18 Q. All right. No problem.
- 19 A. -- these are millions of dollars.
- Q. Let's look at the Footnote 1,
- 21 please. Do you see there is a reference to the
- 22 Hunter Mountain note?
- A. Yes, I see that in Footnote 1.
- 0. Okay. And that's the reserve that
- 25 was taken against that note?

- 1 WATERHOUSE 10-19-21
- A. Yes, that is what this indicates.
- 3 Q. Okay. And were you aware that the
- 4 reserve was being taken on that it was?
- 5 A. I was -- I was aware, yeah, at some
- 6 point, yes.
- 7 O. Okay. And are you aware of any
- 8 reserve being taken with respect to any other
- 9 note that was issued in favor of Highland?
- 10 A. Again, as I testified, we didn't go
- 11 through an analysis on -- on -- on the other
- 12 notes.
- 13 O. Can we turn --
- 14 A. I believe -- I believe it says that
- in Footnote 1, fair value has not been
- 16 determined with respect to any of the notes.
- 17 So this footnote -- footnotes, look,
- 18 there has been no determination.
- 19 O. Okay. The determination was made in
- 20 the audited financial statements just six
- 21 months earlier; right? We saw that earlier?
- 22 A. That was as of 12/31/18. I mean,
- 23 things -- circumstances -- there's a bank --
- 24 circumstances change, things change -- things
- 25 change over time, you know, facts and

- 1 WATERHOUSE 10-19-21
- 2 circumstances change. Again, you have to do an
- 3 analysis.
- 4 Q. Okay. And you do recall that in
- 5 Highland's 2018 financial statement, all of the
- 6 notes issued by affiliates and Mr. Dondero that
- 7 were due at year-end had a fair value equal to
- 8 the carrying value; correct? We looked at
- 9 that?
- 10 A. Yes. That was in the -- in the
- 11 disclosure for the -- for the affiliate notes,
- 12 yes.
- 13 Q. And -- and you were obligated to
- 14 share with PwC any subsequent events between
- 15 the end of 2018 and the date that you signed
- 16 your management representation letter on June
- 17 3rd, 2019; correct?
- 18 MS. DEITSCH-PEREZ: Object to the
- 19 form.
- 20 A. Yes. I -- I signed the
- 21 management, you know, my signature is in the
- 22 management representation letter -- I hope I'm
- 23 answering your question -- that is dated in
- 24 June with the representations made in that
- 25 management representation letter.

- 1 WATERHOUSE 10-19-21
- O. Okay. And there was nothing that
- 3 caused PricewaterhouseCoopers to include in
- 4 subsequent events any adjustment to the
- 5 conclusion that the fair value of the affiliate
- 6 notes and the notes issued by Mr. Dondero
- 7 equaled the carrying value; correct?
- 8 MS. DANDENEAU: Objection to the
- 9 form.
- 10 A. That is correct. That is what was
- 11 in the -- in the -- in the footnotes.
- 12 Q. Okay. So are you aware of anything
- that occurred between June 3rd, 2019 and
- 14 December 31st, 2019 that would have caused the
- 15 fair value of the notes to differ from the
- 16 carrying value?
- 17 A. Yeah. Highland filed for
- 18 bankruptcy, things changed -- I mean, there was
- 19 a bankruptcy filed in October of -- of -- of
- 20 2019, right, the petition date that we've
- 21 described earlier.
- I mean, I had a -- I guess looking
- 23 back naively, I thought we were going to get an
- 24 audit from PwC for year-ended 2019, and when we
- 25 had discussions with PwC, they were like, are

- 1 WATERHOUSE 10-19-21
- 2 you crazy, we're not auditing this. Values
- 3 change, all these things change, bankruptcy
- 4 changes the entire scenario. I mean -- and
- 5 they're like, we're not -- we're not touching
- 6 this.
- 7 And so, you know, I was like, okay,
- 8 sorry, I get it, okay, no an audit.
- 9 I mean, it is -- you know, and --
- 10 you know, and we weren't preparing GAAP
- 11 financial statements.
- 12 Again, I didn't know what we were
- 13 doing in relation to our financial statements,
- 14 but these were the discussions I was having at
- 15 the time. And yeah, I mean, filing bankruptcy
- 16 from what I got from outside auditors and
- 17 others involved changed things dramatically.
- 18 Q. Okay. Highland wasn't the obligor
- 19 under any of the notes that we're talking
- 20 about; correct?
- 21 A. No.
- 22 Q. So --
- A. That's right.
- Q. So can you identify any fact that
- 25 would cause the fair value to deviate from the

- 1 WATERHOUSE 10-19-21
- 2 carrying value during the seven-month period
- 3 between June 3rd and the end of the year, 2019?
- 4 MS. DANDENEAU: Objection to form.
- 5 A. No. I mean, I'm putting myself back
- 6 at that time, right. Hindsight is 2020, but we
- 7 didn't do an analysis, but we would have done a
- 8 fulsome analysis and looked at all of the facts
- 9 and circumstances at the time, but asset values
- 10 change. You know, there could have been a
- 11 market crash in hindsight in 2020, which --
- 12 which affected entities' abilities.
- There could have been all of these
- 14 things, right, that -- that happen. It is --
- 15 it is easy to look back in hindsight, but when
- 16 you are looking at this in -- in realtime, the
- 17 analysis is different, and again, we didn't do
- 18 an analysis.
- 19 Q. Okay. You didn't do an analysis.
- 20 Do I have that right?
- 21 A. I don't -- I don't recall doing one
- 22 or maybe -- you know, I don't recall doing one.
- MR. MORRIS: Okay. I'm going to
- take a break. I may be done, so the time
- 25 now is -- is 4:30 your time. Let's just

```
Page 266
 1
                  WATERHOUSE - 10-19-21
          take a short break until 4:40 your time.
 3
                MS. DANDENEAU:
                                 Okay.
 4
                VIDEOGRAPHER: We're going off the
 5
          record, 4:31 p.m.
 6
          (Recess taken 4:31 p.m. to 4:43 p.m.)
 7
                VIDEOGRAPHER: We are back on the
          record at 4:43 p.m.
 8
                MR. MORRIS: I have no further
 9
10
          questions.
11
                MR. RUKAVINA: Okay.
12
          Mr. Waterhouse, I will go next.
13
                       EXAMINATION
     BY MR. RUKAVINA:
14
15
          Q.
                Sir, my name is Davor Rukavina.
16
     the lawyer for --
17
                MR. MORRIS: Hey, Davor, just before
18
          you begin, I just want to put on the record
19
          Highland's objection to documents that were
20
          produced to me 10 minutes before the
21
          deposition began.
22
                MR. RUKAVINA: What the basis of
23
          your objection?
24
                MR. MORRIS: That they were due
25
          quite some time ago, and the fact that you
```

```
Page 267
 1
                  WATERHOUSE - 10-19-21
          had -- I just think it's appropriate to --
 3
          to dump documents on somebody 10 minutes
          before the deposition. I just think
 4
 5
          that's --
                MR. RUKAVINA: Well, these are
 6
 7
          documents Highland produced. I'm not aware
          of any rule I have to give you advance
 8
          documents when I know for the record that
 9
10
          other than the exhibits that you sent to us
          last week, most of the exhibits you used
11
12
          today you did not provide to me prior to
13
          this deposition.
14
                MR. MORRIS: No, but the documents
15
          were produced by me in -- in litigation,
16
          right?
17
                MR. RUKAVINA: I'm going to use
          primarily, John, the documents that you
18
          produced to me today, but you may.
19
20
                MR. MORRIS: Primarily. I've got --
21
          I've got my objection. You have got your
22
          response. Proceed.
23
                Mr. Waterhouse, again, I represent
          Q.
24
     the advisors, HCMFA and NexPoint Advisors.
25
                Do you understand that?
```

Page 268 1 WATERHOUSE - 10-19-21 Α. Yes. 3 You and I have never met or talked 0. 4 before today, have we? 5 Α. No, I have -- I have heard your voice on calls before. 6 7 O. Okay. MR. RUKAVINA: Madam Court Reporter, 8 9 I will use a few exhibits today. My 10 associate, Mr. Nguyen, will find some way 11 to get them to you. I don't know how to do 12 that, but it looks like you guys do. 13 I am going to use numbers as well. But to differentiate them from Mr. Morris 14 15 we're going to mark mine with the prefix A 16 for advisors. 17 Do you understand? 18 COURT REPORTER: Yes. 19 MR. RUKAVINA: Okay. Perfect. 20 Q. Okay. So, Mr. Waterhouse, let's start with those two HCMFA notes that you were 21 22 asked about, one for 5 million and one for 2.4 million. 23 24 Do you recall those notes? 25 Α. Yes.

Page 269 1 WATERHOUSE - 10-19-21 Ο. Were you ever the CFO of HCMFA? 3 I don't recall. Α. So to the best of your recollection, 4 0. you were still an officer of HCMFA in 2019, 5 6 just that your title was treasurer? 7 MR. MORRIS: Object to the form of the question. There is no leading here. 8 9 He works for your client. 10 MS. DANDENEAU: That is not -- that 11 is not true. 12 MR. MORRIS: He's the treasurer --13 he is the treasurer of your client. I 14 don't -- I'm going to object every time you 15 try to lead, so... 16 MR. RUKAVINA: Totally fine to 17 object. 18 MR. MORRIS: Okay. 19 Please answer my question, 0. 20 Mr. Waterhouse. 21 I'm sorry, could you repeat? There Α. 22 was... Yes. You were -- you testified 23 Ο. earlier that in 2019 you were an officer of 24 HCMFA; correct? 25

- 1 WATERHOUSE 10-19-21
- 2 A. Yes, I testified that I was the
- 3 treasurer and I didn't know if that incumbency
- 4 certificate, you know, was one that appointed
- 5 me as a treasurer, but yes.
- 6 Q. I'm just trying to confirm that
- 7 sitting here today, to the best of your
- 8 recollection, at that time you were -- your
- 9 title was treasurer. It was not chief
- 10 financial officer.
- 11 A. I don't recall that being my title.
- 12 Q. Okay. And in May of 2019, however,
- 13 I think you testified you were the chief
- 14 financial officer of the debtor; correct?
- MR. MORRIS: Objection to the form
- of the question.
- 17 A. Yes, I was -- yes.
- Q. Okay. As such, in May of 2019, did
- 19 you have the authority, to your understanding,
- 20 to unilaterally loan \$5 million or \$2.4 million
- 21 to anyone on behalf of the debtor?
- MR. MORRIS: Objection to the form
- of the question.
- A. Sorry, can you repeat that?
- Q. Yes. So in your capacity as the

- 1 WATERHOUSE 10-19-21
- 2 chief financial officer of the debtor, Highland
- 3 Capital Management, L.P., in May of 2019, did
- 4 you believe that you unilaterally, just Frank
- 5 Waterhouse, had the authority to loan on behalf
- 6 of the debtor to anyone \$5 million and
- 7 \$2.4 million?
- 8 MR. MORRIS: Objection to the form
- 9 of the question.
- 10 A. No.
- 11 Q. Is it because loans of that amount
- would have had to be approved by someone else?
- 13 A. Yes.
- 14 Q. Who in '20 -- in May of 2019, if
- 15 Highland wanted to loan 5 million or
- 16 \$2.4 million to someone, what would have been
- 17 the internal approval procedure?
- 18 MR. MORRIS: Objection to the form
- 19 of the question.
- 20 A. If -- if we had loans of that nature
- 21 that needed to be made due to their size, we
- 22 would have gotten approval from the -- the
- 23 president of Highland.
- 24 O. And who that was individual?
- 25 A. It was James Dondero.

- 1 WATERHOUSE 10-19-21
- Q. Okay. Now, I'm going to ask you a
- 3 similar question but for a different entity.
- In May of 2019, as the treasurer of
- 5 HCMFA, did you believe that you unilaterally
- 6 had the ability to cause HCMFA to become the
- 7 borrower of a \$5 million loan and a
- 8 \$2.4 million loan?
- 9 MR. MORRIS: Objection to the form
- 10 of the question.
- 11 A. No.
- 12 Q. What would -- what would the
- 13 approval have taken place -- strike that.
- 14 What would the approval process have
- 15 been like in May of 2019 at HCMFA for HCMFA to
- 16 take out a \$7.4 million loan?
- 17 MR. MORRIS: Objection to the form
- of the question.
- 19 A. The process would have been similar
- 20 to what we just discussed on -- for Highland to
- 21 make a loan to others. So, again, you know,
- 22 we -- we would have -- either myself or someone
- 23 on the team would have discussed this with
- 24 the -- the president and owner of -- of HCMFA.
- Q. And who was that individual?

- 1 WATERHOUSE 10-19-21
- 2 A. That was James -- Jim Dondero.
- 3 Q. So do I understand that in May of
- 4 2019, on behalf of both the lender, Highland,
- 5 and the borrower, HCMFA, Mr. Dondero would have
- 6 had to approve \$7.4 million in loans?
- 7 MR. MORRIS: Objection to the form
- 8 of the question.
- 9 A. Yes.
- 10 O. You mentioned when Mr. Morris was
- 11 asking you the NAV error, N-A-V error, with
- 12 respect to TerreStar, without writing us a
- 13 novel, unless you feel like you have to, can
- 14 you summarize what that NAV error was? What
- 15 happened?
- 16 A. There was a -- in the Highland
- 17 Global Allocation Fund, it owned at the time an
- 18 equity interest in a company called TerreStar.
- 19 And TerreStar is -- at the time was a private
- 20 company, and it may still be today. Again, I'm
- 21 putting myself back then as a private company.
- We had -- sorry, I don't mean we --
- 23 the fund and the advisor used Houlihan Lokey
- 24 to -- to value that investment. And during
- 25 that time there was some trades that were

- 1 WATERHOUSE 10-19-21
- 2 executed at market levels that were much lower
- 3 than the Houlihan Lokey model.
- 4 And based on information and
- 5 discussions with the portfolio managers and,
- 6 you know, principals that were very familiar
- 7 with TerreStar, it was determined that those
- 8 trades were non-orderly and they were not
- 9 considered in the valuation as consulted with
- 10 Houlihan Lokey and PricewaterhouseCoopers at
- 11 the time.
- 12 Subsequent to a -- I can't remember
- 13 the exact circumstances of why the SEC got
- 14 involved. I think it was due to this -- this
- 15 investment became a material position in the
- 16 fund. It triggered an SEC, kind of, inquiry.
- 17 And as part of that inquiry, they questioned
- 18 the valuation methodology. "They" meaning the
- 19 SEC.
- 20 And at the culmination of that
- 21 process -- this is all summarized -- the value
- 22 that was -- that ultimately had to be used in
- 23 the fund's NAV was different than -- materially
- 24 different than what the original valuation at
- 25 Houlihan Lokey provided.

Page 275 1 WATERHOUSE - 10-19-21 2 And given that there was this fund 3 was, as we discussed -- I don't know if we 4 discussed it, but it was an open-ended fund that was going -- that was converting to a 5 6 close-end fund. 7 Due to the fact that it was an open-ended fund, you had to recalculate NAV and 8 9 see what the impact was on people -- on 10 investors coming in and out of the fund and if there is a detrimental impact and to calculate 11 what that -- what that impact was and if there 12 13 was any amounts owed to the fund pursuant to 14 the error. 15 Were you personally involved Ο. internally at either Highland or HCMFA with 16 these investigations and discussions with the 17 18 SEC? 19 Α. I was. 20 Which other key people or senior Q.

- people at Highland were involved, to your 21
- 22 recollection?
- Myself, Thomas Surgent, David Klos, 23 Α.
- Lauren Thedford, Jason Post. 24
- 25 Mr. Dondero, was he --Q.

- 1 WATERHOUSE 10-19-21
- 2 A. I believe Cliff Stoops. I'm trying
- 3 to think. And maybe that is -- that is -- that
- 4 is -- that is all kind I can recall at the
- 5 moment.
- 6 O. Do you recall whether it was
- 7 determined that the fund suffered losses as a
- 8 result of this error?
- 9 A. The -- the fund -- the --
- 10 because the open-ended nature of the fund,
- 11 there were losses that were attributable to
- 12 investors. Meaning they -- they would have
- 13 redeemed and got a less money or -- or they
- 14 subscribed in and maybe because they didn't get
- 15 enough shares and then they later sold and then
- 16 they were harmed in that fashion.
- 17 And there is -- there is -- there
- 18 were very -- there were very detailed
- 19 calculations and, you know, all these different
- 20 scenarios that we had to -- I'm sorry, I keep
- 21 saying "we" -- that the individuals involved
- 22 had to calculate and quantify.
- Q. Well, do you recall whether HCMFA
- 24 admitted certain fault and liability for this
- 25 error?

Page 277

WATERHOUSE - 10-19-21

- A. I don't recall specifically.
- 3 Q. Do you recall whether HCMFA caused
- 4 any funds to be paid to the investors and the
- 5 fund the subject of the NAV error?
- 6 A. Yes.
- 7 Q. Do you recall the approximate amount
- 8 of funds, moneys paid to the investors and the
- 9 fund?
- 10 A. It was -- it was approximately
- 11 \$7 million.
- 12 Q. If I was to suggest 7.8 million,
- 13 would that ring more true or are you sticking
- 14 with your original answer?
- 15 A. It was -- it was approximately 7 --
- 16 7 to \$8 million. Again, I don't remember the
- 17 exact number, but it was in that ballpark.
- 18 Q. So regardless of whether HCMFA
- 19 accepted fault or liability, it caused some
- 20 \$7 million or more to be paid out to affected
- 21 investors in the fund?
- MR. MORRIS: Objection to the form
- of the question.
- A. And I want to make sure I'm
- 25 understanding your question because there is a

- 1 WATERHOUSE 10-19-21
- 2 lot of different entities that are going on to
- 3 my head.
- 4 I think what you are saying is based
- 5 on this error, shareholders were harmed by this
- 6 approximately \$7.8 million -- by approximately
- 7 \$7.8 million. Is that what you are asking?
- 8 O. Yes, sir.
- 9 A. Yes, that was -- again, I don't have
- 10 the exact numbers. If I take -- it was -- it
- 11 was in that ballpark, and there is a detail
- 12 calculation and write-up that could, that --
- 13 that exists someplace.
- 14 Q. Now, at that time, at the time that
- 15 the NAV error occurred, was there a contract in
- 16 place between HCMFA and the debtor pursuant to
- 17 which the debtor was providing services to
- 18 HCMFA?
- 19 MR. MORRIS: Objection to the form
- of the question.
- 21 A. Yes.
- 22 Q. Was that contract generally called a
- 23 shared services agreement?
- 24 A. It was generally called that, but
- 25 there were -- there were -- I mean, it -- it --

- 1 WATERHOUSE 10-19-21
- 2 it depends on who you talk to, but yes,
- 3 generally, there were -- there are multiple
- 4 agreements.
- 5 O. Pursuant to one or more of those
- 6 agreements, was the debtor providing certain
- 7 services to HCMFA?
- 8 MR. MORRIS: Objection to the form
- 9 of the question.
- 10 A. Yes.
- 11 Q. And can you at a very high level
- 12 summarize in 2018 and 2019 what those services
- 13 were?
- 14 A. Yes, there was a -- yes.
- 15 Q. Okay. Please -- please go -- go
- 16 through a short summary.
- 17 A. There was a -- a cost reimbursement
- 18 agreement between Highland Capital Management
- 19 Fund Advisors and Highland Capital Management,
- 20 L.P. That agreement was for what we referred
- 21 to as front office services, so investment
- 22 management, things of that nature.
- There was I think what most people
- 24 refer to as the shared services agreement that
- 25 was -- that agreement was between Highland

- 1 WATERHOUSE 10-19-21
- 2 Capital Management Fund Advisors and Highland
- 3 Capital Management for back office services.
- 4 Q. And can you summarize what you mean
- 5 by back office services?
- 6 A. Those services were for accounting,
- 7 finance, tax, valuation, HR, IT, you know,
- 8 legal compliance, things of -- things of those
- 9 nature -- or things of that nature, excuse me.
- 10 Q. So in the spring of 2019, do you
- 11 recall whether HCMFA took the position that it
- 12 was actually Highland that caused the NAV error
- 13 to occur pursuant to the valuation services
- 14 that Highland was providing?
- MR. MORRIS: Objection to the form
- of the question.
- 17 A. I do not recall.
- 18 Q. Did you ever have any discussions
- 19 with anyone, Jim Dondero or anyone in the first
- 20 half of 2019 as to whether Highland, the
- 21 debtor, that is, had any liability to HCMFA
- 22 related to the NAV error?
- 23 MR. MORRIS: Objection to the form
- of the question.
- 25 A. I do not recall.

- 1 WATERHOUSE 10-19-21
- O. And then you mentioned that the fund
- 3 was being closed and some compensation related
- 4 to that. Can you -- can you elaborate? What
- 5 were you referring to?
- 6 A. Right. So the advisor, pursuant to
- 7 board approval, put a proposal in front of the
- 8 shareholders of the Highland Global Allocation
- 9 Fund to convert it from an open-ended fund to a
- 10 closed-end fund.
- So an open-ended fund, when
- 12 shareholders subscribe to the fund or redeem
- into the fund, they do it at NAV.
- 14 When it is -- when you have a
- 15 closed-end fund, closed-end funds are -- are
- 16 publicly-traded, like on the New York Stock
- 17 Exchange, exchanges like that, and -- and
- 18 shareholders or investors, they're not --
- 19 they're -- they're not subscribing and
- 20 redeeming with the fund. They are like shares
- 21 of Apple.
- Those shares of the Highland Global
- 23 Allocation Fund trade on an exchange, and that
- 24 is how you, you know, that is how, you know,
- 25 you become an equity owner in the fund or you

- 1 WATERHOUSE 10-19-21
- 2 sell your shares and you are no longer an
- 3 equity owner.
- 4 As part of that proposal, the
- 5 advisor told shareholders if you -- if you vote
- 6 for this proposal to -- to convert it from an
- 7 open-ended fund to a closed-end fund, we will
- 8 pay you some amounts of money. I forgot -- a
- 9 certain number of points. I think it was
- 10 like -- it was like two to three points or
- 11 something -- something like that.
- 12 Q. Okay. You mentioned when Mr. Morris
- was asking you, going back to those two
- 14 promissory notes, you will recall the 5 million
- and 2.4 million, you mentioned something to the
- 16 effect that Mr. Dondero told -- told you to pay
- 17 some moneys out of Highland. Do you remember
- 18 that discussion with Mr. Morris?
- 19 A. I do.
- 20 Q. So, to the best of your
- 21 recollection, did you have a discussion with
- 22 Mr. Dondero about making some payments in May
- 23 of 2019 out of Highland?
- 24 A. I recall, as I testified earlier,
- 25 that I had a conversation with Mr. Dondero

- 1 WATERHOUSE 10-19-21
- 2 for -- for these amounts attributable to -- it
- 3 was either the error -- you know, the error,
- 4 and in that conversation he said, go get the
- 5 money from Highland. I believe that is what I
- 6 testified earlier, and that -- that is my
- 7 recollection.
- 8 Q. Do you recall if that was an
- 9 in-person meeting or some other mode for the
- 10 meeting?
- 11 A. I -- I -- I recall that being
- 12 in-person.
- Q. Do you recall if anyone else was
- 14 present, or was it just you and Mr. Dondero?
- 15 A. I recall just he and I.
- 16 Q. And the moneys that he told you to
- 17 find from -- or get from Highland, was that in
- 18 the amount of \$5 million and \$2.4 million?
- 19 MR. MORRIS: Objection to the form
- of the question.
- 21 A. I believe so, but I would have to go
- 22 back and look and see when those moneys were
- 23 actually paid into the -- into the fund and,
- 24 you know, when those transfers were done. If
- 25 they were all done around that same time, then

- 1 WATERHOUSE 10-19-21
- 2 yes, I would say it was -- it was all related
- 3 to that.
- 4 Q. Did Mr. Dondero tell you that those
- 5 funds would be a loan from Highland to HCMFA?
- 6 A. I don't recall.
- 7 MR. MORRIS: Objection to the form
- 8 of the question.
- 9 Q. Now, and forgive me, I'm probably
- 10 the only non-American born here, but I speak
- 11 reasonably well in English. I don't recall,
- does that mean you don't remember or does that
- mean it didn't happen?
- 14 MR. MORRIS: Objection to the form
- of the question.
- 16 A. It -- it means I don't -- I don't
- 17 remember.
- 18 Q. Did Mr. Dondero tell you to have
- 19 those two promissory notes prepared?
- 20 A. I don't recall.
- 21 Q. When you -- again, when you say, I
- 22 don't recall today, that means that sitting
- 23 here today, you just don't remember one way or
- 24 the other. Is that accurate?
- 25 A. Yes.

- 1 WATERHOUSE 10-19-21
- 2 0. Is it possible that you, having
- 3 heard what Mr. Dondero said and seeing funds
- 4 being transferred, assumed that that would be a
- 5 loan without him actually telling you that
- 6 would be a loan?
- 7 MR. MORRIS: Objection to the form
- 8 of the question.
- 9 A. Sorry, I want to make sure -- did I
- 10 ask the amounts that were transferred that I --
- 11 that -- that I assumed that that was a loan?
- Q. Well, let me -- let me take -- let
- 13 me try again.
- 14 So you have established already that
- 15 there were quite a number of promissory notes
- 16 back and forth -- I'm sorry, quite a number of
- 17 promissory notes with affiliated companies and
- individuals owing Highland money; right?
- 19 A. Yes.
- 20 Q. And you have established that there
- 21 were many transactions and transfers going back
- 22 and forth over the years; right?
- MS. DANDENEAU: Objection to form.
- 24 A. In -- yes, in my capacity as CFO and
- 25 my employment, yes, that is -- yes.

- 1 WATERHOUSE 10-19-21
- Q. And that's part of the reason why
- 3 you just can't remember some of the details
- 4 today because this -- this happened years ago,
- 5 and there were a number of transactions. Is
- 6 that accurate?
- 7 MS. DANDENEAU: Objection to the
- 8 form.
- 9 MR. MORRIS: Objection to the form
- of the question.
- 11 A. I mean, I deal with thousands of --
- 12 of -- of -- of transactions, you know, whether
- 13 it has -- the processing of transactions, you
- 14 know, if it has got, you know, more -- more
- 15 zeros, you know, behind it than others.
- When you look at thousands of
- 17 transactions over the years for funds and
- 18 advisors and -- and, you know, financial
- 19 statements, I mean, it is -- it is very hard
- 20 going back in -- in -- in my -- you know,
- 21 14-ish year career at -- at Highland to
- 22 remember a lot of those details, especially
- when I don't have any records or books or
- 24 anything like that, and -- and going back many
- 25 years.

Page 287 1 WATERHOUSE - 10-19-21 And that is fine. That -- that --Ο. 3 that is why I asked the question. 4 Is it possible in May of 2019 when Mr. Dondero told you to transfer the funds from 5 6 Highland, you just assumed on your own that 7 those would be loans without him actually telling you that those would be loans? 8 9 Objection to the form MR. MORRIS: 10 of the question. 11 I don't know. Α. 12 I'm sorry, you --Q. 13 Α. I said I don't know. 14 Q. Okay. Well, as the -- as the CFO 15 for Highland, if you saw \$7.4 million going out, you would feel some responsibility to 16 account for that, wouldn't you? 17 MR. MORRIS: Objection to the form 18 19 of the question. 20 Α. Yes. 21 Is it fair to say that those would Q. 22 be in the range large enough to rise up to your 23 level? 24 MR. MORRIS: Objection to the form

of the question.

25

- 1 WATERHOUSE 10-19-21
- 2 A. If -- I don't know if I understand
- 3 your question. Those amounts would arise to my
- 4 level where I would be involved or...
- 5 O. You would want to know what a
- 6 transfer for that amount, \$7.4 million, was all
- 7 about, as the CFO of Highland, wouldn't you?
- 8 MR. MORRIS: Objection to the form
- 9 of the question.
- 10 A. Yes, I make it -- I mean, I -- I
- 11 review all sorts of payments, I mean, even
- 12 smaller dollar payments on a periodic basis,
- 13 you know, to -- to -- to understand and to make
- 14 sure that we are paying things in a -- you
- 15 know, in -- in -- in an informed way. And, you
- 16 know -- and we're -- and we're paying things
- 17 pursuant to vendor contracts and things like
- 18 that.
- 19 Q. So as part of that, is it possible
- 20 that seeing \$7.4 million go out you would have
- 21 promissory notes made in order to keep a paper
- 22 trail, assuming that those were loans, when
- 23 perhaps they were never intended to be loans by
- 24 Mr. Dondero?
- 25 MR. MORRIS: Objection to the form

- 1 WATERHOUSE 10-19-21
- of the question.
- 3 A. I don't know. As I testified
- 4 earlier, I had conversations with Mr. Dondero
- 5 about -- about the -- the moneys that
- 6 were needed for the NAV error. And I recall
- 7 him saying go get it from Highland -- or get it
- 8 from Highland.
- 9 Q. Well, why did you sign those
- 10 promissory notes and why didn't you have him
- 11 sign them?
- 12 MR. MORRIS: Objection to the form
- of the question.
- 14 A. I don't know. I don't know.
- 15 Q. You mentioned earlier that you
- 16 typically don't sign promissory notes. Am I
- 17 remembering your testimony correctly?
- I mean, promissory notes on behalf
- 19 of the entities. Not yourself, obviously.
- 20 A. Yes, that is what I said earlier.
- Q. Do you recall any other promissory
- 22 notes in the million-plus range that you had
- ever signed before on behalf of any entity?
- 24 A. There is -- there has been a lot of
- 25 transactions over the years. I don't -- I

- 1 WATERHOUSE 10-19-21
- 2 don't -- I don't recall generally. I don't --
- 3 I don't recall.
- 4 Q. So -- but to the best of your
- 5 recollection, it was on your initiative,
- 6 following your discussion with Mr. Dondero,
- 7 that you had someone draft those two promissory
- 8 notes; is that correct?
- 9 MR. MORRIS: Objection to the form
- of the question.
- 11 A. Yes, we would have -- the team, as I
- 12 stated earlier, we don't draft promissory
- 13 notes. "The team" meaning the accounting and
- 14 finance team.
- 15 So the team would have worked with
- 16 the legal group at Highland to draft any notes.
- 17 Q. Do you believe or do you have any
- 18 recollection as to whether you would have done
- 19 that pursuant to an email or telephone call or
- 20 in-person meeting?
- 21 MR. MORRIS: Objection to the form
- of the question.
- 23 A. Are you asking if I would have -- if
- 24 those notes would have been drafted pursuant to
- 25 an email or phone call?

Page 291 1 WATERHOUSE - 10-19-21 2. Ο. Strike that. 3 Do you recall whether you sent an 4 email to anyone asking them to draft those two promissory notes? 5 6 Α. I don't recall because, again, 7 once -- I would have instructed -- likely instructed the team to -- to work with the 8 9 legal group to draft these documents. 10 I -- I -- I -- yeah, I didn't -- I mean, that is more an operational-type 11 procedure. So, you know, a manager or a 12 13 controller or working with legal. You know, they -- they can certainly handle that task to 14 15 get that -- you know, to request that from 16 legal. And who on your team do you think 17 Q. you would have asked to do that? 18 19 MR. MORRIS: Objection --20 Who would have been the logical 0. person or people, if you don't remember their 21 22 name today? 23 MR. MORRIS: Objection to the form 24 of the question. 25 It -- it -- there is only two Α.

- 1 WATERHOUSE 10-19-21
- 2 managers of the group. That would have been
- 3 Dave Klos or Kristin Hendrix.
- 4 Dave was the -- one of his duties
- 5 was managing the valuation team, and so he was
- 6 intimately involved with this process. So, you
- 7 know...
- Q. Okay.
- 9 A. I don't recall specifically but, I
- 10 mean, my general -- you know, I -- I -- I
- 11 likely would have talked to Dave first about it
- 12 versus someone like Kristin who hadn't been
- 13 intimately involved.
- 14 Q. And -- and do you have a view as to
- 15 whether it is most likely that you would have
- 16 done that by email or in-person or how would
- 17 you believe you would have communicated that to
- 18 Mr. Klos?
- 19 MR. MORRIS: Objection to the form
- of the question.
- 21 A. I likely would have done that in
- 22 person. Again, if things of this nature
- 23 that -- again, you have to put ourselves back
- 24 to, we have been working on this very stressful
- 25 project for many, many months. And once the

- 1 WATERHOUSE 10-19-21
- 2 go-ahead was to -- you know, we see the light
- 3 at the end of the tunnel with wrapping this up
- 4 and making shareholders whole -- sorry to say
- 5 "we" -- you know, the -- so the folks that are
- 6 involved in it.
- 7 I like to talk to people
- 8 face-to-face and -- and -- and go to -- and go
- 9 to their desk, because that shows if I'm going
- 10 to their desk that -- that is something that I
- 11 want done, you know.
- 12 Q. And do you remember, Mr. Waterhouse,
- 13 getting those two promissory notes in paper
- 14 format or by email before they were executed?
- MR. MORRIS: Objection to the form
- of the question.
- 17 A. I don't recall.
- 18 Q. For whatever was the ordinary course
- 19 back then in May 2019, would you expect to have
- 20 received them only on paper or would you have
- 21 expected to have received them in Word document
- 22 or PDF document by email?
- MR. MORRIS: Objection to the form
- of the question.
- 25 A. I -- I didn't sign -- I signed very

- 1 WATERHOUSE 10-19-21
- 2 few documents via email. I can't say that it
- 3 never happened, but people either stopped by my
- 4 office and physically walked in documents for
- 5 signature that we discussed face-to-face.
- 6 Or documents were -- if -- if --
- 7 if -- if -- let's say I wasn't there or I
- 8 wasn't available, documents were dropped off.
- 9 I had -- I had some in- and outboxes in front
- 10 of my -- my office there at the Crescent.
- 11 Documents would be dropped off for
- 12 signature. There would be a cover sheet that
- 13 would be -- have been applied to those
- 14 documents detailing, you know, who dropped it
- off, the purpose, why, what time.
- 16 And then, you know, as I stated, I
- don't draft documents and I always go to the
- 18 legal group and the compliance group to make
- 19 sure that they're in the loop. And there is
- 20 a -- a box or section that says, Has legal
- 21 reviewed or approved, or something to that
- 22 nature.
- 23 Again, I don't -- I don't have
- 24 access to that cover sheet anymore, but it
- 25 was -- it was something to that effect.

Page 295 1 WATERHOUSE - 10-19-21

- 2 And my assistant, you know, if she
- 3 was there, she would review that -- you know,
- 4 whatever was being dropped off. And if that
- 5 has legal, you know, reviewed or -- reviewed or
- 6 approved it, if that wasn't -- if that stuff
- 7 hadn't been done, it was like she would just
- 8 tell them like, go -- go -- go to the legal
- 9 group, because --
- 10 Q. Let me -- let me pause --
- 11 MS. DANDENEAU: Let him finish.
- MR. MORRIS: Thank you. Go ahead.
- 13 A. I take -- go to the legal group
- 14 because that -- that was my -- you know, I
- 15 didn't -- I didn't review anything that -- that
- 16 they weren't -- you know, or there wasn't some
- 17 representation made to me that they had
- 18 reviewed, approved in some capacity.
- 19 Again, my -- my goal, as CFO,
- 20 is to provide transparency and make sure that
- 21 groups like compliance and other things -- and
- 22 the other group in legal are -- are in -- you
- 23 know, their -- they're made aware of
- 24 transactions of -- you know, that are crossing
- 25 my desk.

1 WATERHOUSE - 10-19-21

- 2 Because I'm not in every
- 3 conversation. They're not in every
- 4 conversation -- meaning legal compliance -- and
- 5 I just want to make sure that -- that everyone
- 6 is in sync to, you know, to -- to the extent
- 7 possible.
- 8 Q. So if we summarize, you don't
- 9 specifically remember signing these two notes,
- 10 but most likely it would have been that they
- 11 would have presented -- been presented to you
- 12 physically on paper?
- MR. MORRIS: Objection to the form
- of the question.
- 15 A. They would -- they would have been
- 16 presented physically on paper most likely or
- 17 someone would have left it. But, I mean,
- 18 again, I don't -- I don't recall.
- 19 Q. I understand. Understand.
- When you signed -- when you signed
- 21 documents, when you personally signed
- 22 documents, did you typically use a ink pen or
- 23 did you use a stamp?
- 24 A. No, I -- I -- I use a -- an -- an
- 25 ink pen.

- 1 WATERHOUSE 10-19-21
- 2 Q. Do you know -- was there a file at
- 3 Highland kept anywhere with ink-signed
- 4 originals of a promissory notes in general or
- 5 these two promissory notes specifically?
- 6 MR. MORRIS: Objection to the form
- 7 of the question.
- 8 A. Sorry, I just want to make sure I
- 9 understand your question. Are you saying is
- 10 there a file somewhere that has ink-signed
- 11 originals of these two promissory notes?
- 12 Q. Yes.
- 13 A. I would -- I would assume they're
- 14 some place. I mean --
- 15 Q. Well, was there a -- was there a
- 16 place where Highland generally kept originals
- of promissory notes owed to it?
- 18 A. I wouldn't -- no.
- 19 MR. RUKAVINA: Mr. Nguyen, would you
- 20 please pull up my A7, alpha 7.
- 21 Q. These are the two promissory notes,
- 22 Mr. Waterhouse.
- 23 (Exhibit A7 marked.)
- Q. And please -- Mr. Waterhouse, please
- 25 command my associate to scroll down as you need

- 1 WATERHOUSE 10-19-21
- 2 to, but I want you to take a very close look at
- 3 your two signatures here and tell me whether
- 4 you believe, in fact, that you ink signed them
- 5 or whether you --
- MS. DANDENEAU: Mr. Rukavina,
- 7 Mr. Waterhouse has the copies.
- 8 MR. RUKAVINA: Perfect. Then you
- 9 can take this down, Mr. Nguyen.
- 10 A. These -- these signatures
- 11 are identical, now that I stare at them, and I
- 12 mean, they are so close -- I mean, they're
- identical that, I mean, even with my chicken
- 14 scratch signature, I don't know if I can -- you
- 15 know, I do this 100 times, could I do that
- 16 as -- as precisely as I see between the two
- 17 notes.
- 18 Q. Well, that is why I ask.
- 19 Mr. Waterhouse, now that you have examined
- 20 them, does it seem like it is more likely that
- 21 you actually electronically signed these?
- 22 MR. MORRIS: Objection to the form
- of the question.
- 24 A. Is -- I don't -- I don't recall
- 25 specifically. As I said before, my assistant

- 1 WATERHOUSE 10-19-21
- 2 did have a -- an electronic signature, and that
- 3 was used from time to time. It wasn't as
- 4 common practice back in 2019. It definitely
- 5 was more common practice when we had to work
- 6 from home and remotely for COVID because it
- 7 that made it almost impossible to, right,
- 8 provide wet signatures since we're all working
- 9 from home remotely.
- 10 Q. Well, going just for these two
- 11 promissory notes, Mr. Waterhouse, in light of
- 12 your inability to remember any details, are you
- 13 sure you actually signed either or both of
- 14 those notes?
- MS. DANDENEAU: Objection to form.
- 16 A. I don't recall specifically
- 17 signing -- actually physically signing these
- 18 notes. As I said before, I don't recall doing
- 19 that. This -- this looks like my signature,
- 20 but yet these two signatures are identical.
- 21 Q. So you don't recall physically
- 22 signing them, and I take it you don't recall
- 23 electronically signing them either?
- A. I don't recall. You know, Highland
- 25 has all my emails. If that occurred, you know,

- 1 WATERHOUSE 10-19-21
- 2 you know, I don't have any of these records is
- 3 what I'm saying. I don't have any of those
- 4 records.
- 5 Q. That is why I'm asking you these
- 6 questions in great detail because I don't have
- 7 those emails. I'm trying to -- I'm hoping that
- 8 you will give me some names or some details so
- 9 I can go look for more emails, but again, you
- 10 don't remember any -- any individual, other
- 11 than Mr. Dondero that we've discussed, you
- don't remember any individual with whom you
- 13 discussed these promissory notes prior to their
- 14 execution?
- MR. MORRIS: Objection to the form
- of the question.
- 17 A. I don't recall discussing it with
- 18 anybody else.
- 19 O. Okay.
- 20 A. I mean, prior --
- 21 Q. I understand.
- 22 A. You know, there was no one else --
- 23 there was no one else in that meeting that I
- 24 recall with Mr. Dondero.
- Q. Now, when you established that by

- 1 WATERHOUSE 10-19-21
- 2 May of 2019 --
- 3 A. And -- and from what I recall, and
- 4 the reason why I was by myself is -- is, you
- 5 know, I don't -- I don't want to speculate, I'm
- 6 sorry.
- 7 Q. Okay. We have established that by
- 8 May of 2019, in your view, the liabilities of
- 9 HCMFA exceeded its assets; correct?
- 10 A. Yeah. I mean, again, I don't have
- 11 financial statements in front of me, but I
- 12 think, if I recall, we'd have to go through the
- 13 testimony with Mr. Morris, I believe that was
- 14 the case.
- 15 Q. In fact, you will recall that in
- 16 April of 2019, Mr. Dondero signed a document
- 17 that extended the demand feature of two prior
- 18 notes to May 31, 2019. Do you recall that?
- 19 MS. DEITSCH-PEREZ: I think you
- 20 might -- maybe have the court reporter read
- 21 that back. You might have misspoke.
- 22 (Record read.)
- MR. RUKAVINA: And I did misspeak.
- 24 Q. I meant to say to May 31, 2021. Do
- 25 you recall that, sir?

Page 302 1 WATERHOUSE - 10-19-21 MR. MORRIS: Objection to the form 3 of the question. 4 Yes. Α. 5 MR. RUKAVINA: And, Mr. Nguyen, just so that the record is clear, will you please 6 7 pull up my Exhibit Alpha 10, A10. (Exhibit A10 marked.) 8 You don't have this one in front of 9 Q. 10 you, Mr. Waterhouse? This is the one that Mr. Morris used earlier. Do you see that 11 12 document, sir? 13 Α. Yes, I do. 14 0. And this is what you were testifying about before when Mr. Morris was asking you. 15 16 Do you remember that? 17 Α. Yes. So here is my question for you, 18 Q. Mr. Waterhouse: As the chief financial officer 19 20 of Highland, was it prudent for Highland less 21 than three weeks later to be lending 22 \$7.2 million to an insolvent entity that 23 couldn't even then pay its debts back to 24 Highland?

MS. DANDENEAU:

Objection to form.

25

Page 303 1 WATERHOUSE - 10-19-21 MR. MORRIS: Objection to the form 3 of the question. 4 Sorry, I just want to make sure --Α. are you asking me, did you say, was it prudent 5 for Highland to loan \$7.4 million to HCMFA a 6 7 few weeks after this document was executed? Yes, and at a time when HCMFA's 8 0. liabilities exceeded its assets. 9 10 MR. MORRIS: Objection to the form 11 of the question. 12 I don't -- it is odd. I don't know. Α. 13 MR. RUKAVINA: You can take this 14 exhibit down, Mr. Nguyen. 15 Ο. Do you recall asking anyone, 16 Mr. Dondero or -- or anyone outside as to whether Highland ought to be lending 17 \$7.4 million to HCMF regarding HCMF's 18 creditworthiness? 19 20 MR. MORRIS: Objection to the form 21 of the question. 22 I don't recall. Α. 23 Did you receive personally any of Q. 24 that \$7.4 million?

25

Α.

No.

Page 304 1 WATERHOUSE - 10-19-21 2 0. Did you even --MR. MORRIS: I didn't hear that 3 4 question, sir. MR. RUKAVINA: The one that he 5 6 answered, John, or my new one? 7 MR. MORRIS: No, no, your question, 8 Davor. MR. RUKAVINA: I had asked him 9 10 whether he received any of the 11 \$7.4 million. He said no. 12 MR. MORRIS: Yeah. I thought there was a question after that. Maybe I was 13 mistaken. I apologize. 14 15 MR. RUKAVINA: I had started a new question, so here, let me start the new 16 17 question again. Did you personally receive any 18 0. direct benefit from those two notes for 19 \$7.4 million? 20 21 Α. No. 22 Did you ever personally consider 0. yourself obligated to repay either or both of 23 24 those notes? 25 Α. No.

- 1 WATERHOUSE 10-19-21
- 2 MR. RUKAVINA: Pull up those notes
- 3 again, Mr. Nguyen.
- 4 Q. You can have them in front of you,
- 5 Exhibit 7, Mr. Waterhouse, whatever is easier
- 6 for you. If you go to your signature page, my
- 7 question to you is, why did you not include
- 8 your title as treasurer by your name, Frank
- 9 Waterhouse?
- 10 MS. DANDENEAU: Objection to form.
- 11 A. I didn't -- I didn't draft this
- 12 document.
- 13 Q. So you relied on whoever drafted it
- 14 to draft it correctly?
- 15 A. Yes.
- 16 Q. Okay. But back then when you signed
- 17 this, did it ever cross your mind that you were
- 18 the maker on these notes?
- 19 A. No.
- 20 Q. Back then when you signed this
- 21 document, did it ever cross your mind that you
- 22 could be a co-obligor on these notes?
- A. No. I didn't receive \$7.4 million,
- 24 I mean...
- 25 Q. But can you say that HCMFA received

2 \$7.4 million?

1

3 A. I would have to go back and look and

WATERHOUSE - 10-19-21

- 4 check in, you know, the -- the financial
- 5 records and the bank statements.
- 6 MR. RUKAVINA: You can take this
- 7 exhibit down, Mr. Nguyen.
- 8 Q. Mr. Waterhouse, I'm not trying to be
- 9 a smart-ass, but if the law says that because
- 10 of the way that you signed this promissory
- 11 note, if that is what the law says, that that
- 12 made you personally -- personally liable, then
- 13 you would agree with me that that was never
- 14 your intent?
- MR. MORRIS: Objection to the form
- of the question.
- 17 A. That was never -- I wouldn't sign a
- 18 note and not get consideration in return.
- 19 Q. So putting all other issues aside,
- 20 if the law -- if the law says that you were
- 21 liable for those notes because of how you
- 22 signed them, then would you agree with me that
- 23 these notes are a mistake?
- MR. MORRIS: Objection to the form
- of the question.

Page 307 1 WATERHOUSE - 10-19-21 MS. DANDENEAU: Objection to the 3 form. 4 Α. Yes. 5 So do you agree with me that it's 0. 6 odd -- I think that is the word you used --7 that Highland would be loaning \$7.4 million a few weeks after that extension to an entity 9 whose liabilities exceeded its assets, and you 10 would agree with me that it was never your intention to be in any way liable for these two 11 promissory notes; correct? 12 13 MR. MORRIS: Objection to the form 14 of the question. 15 Sorry, you -- you asked a lot there. Α. 16 MR. RUKAVINA: I will strike it and I will move on. 17 18 Let's go to -- pull up Exhibit 9, please Mr. Nguyen -- Alpha 9, I'm sorry, Alpha 19 9, A9. 20 21 (Exhibit A9 marked.) 22 Sir, take a moment to look at this, Ο. but this is an email, and you will see attached 23 24 July 31, 2020 affiliate notes. 25 Do you see that attachment?

Page 308 1 WATERHOUSE - 10-19-21 2 Α. Yes. 3 Okay. And do you see an entry for Q. 4 Highland Capital Management Fund Advisors? 5 MR. MORRIS: I'm sorry, hold on. 6 Where are you looking? 7 MR. RUKAVINA: Last page, John. 8 MR. MORRIS: Is it the page on the 9 screen? 10 MR. RUKAVINA: Oh, I'm sorry. 11 Mr. Nguyen just did it. Yes, the last page 12 there. 13 MR. MORRIS: Thank you. 14 Q. Do you see an entry there for HCMFA? 15 Α. Yes. 16 About \$10.5 million. Q. 17 Do you see that? I do. 18 Α. 19 And, now, do you have any 0. 20 explanation for why if HCMFA owed \$7.4 million, plus the 5.3 million that had been extended, 21 22 why that amount was only 10.5 million? I don't know. Okay. 23 Α. MR. RUKAVINA: Close this one and 24 25 pull up, Mr. Nguyen, the schedules,

Page 309 1 WATERHOUSE - 10-19-21 schedule of assets. What exhibit is this 3 of ours, Mr. Nguyen? This is All. 4 MR. NGUYEN: 5 MR. RUKAVINA: Oh, this will be All. (Exhibit All marked.) 6 7 You don't have this in front of you, Ο. Mr. Waterhouse? 8 9 Α. Okay. 10 This is what Mr. Morris used 0. earlier. Do you remember looking at this with 11 12 Mr. Morris? 13 Α. Yes. 14 MR. RUKAVINA: You might have to zoom in a little. Okay. 15 16 0. Now, I see Affiliate Note A, B, and 17 С. 18 Do you have any recollection as to why the names of the affiliates are omitted? 19 20 Α. I don't. I testified earlier that, you know, the team worked with DSI in providing 21 22 these. I -- I don't -- I don't know. 23 Can we deduce -- is it logical to Ο. 24 deduce that Affiliate Note A would be NexPoint 25 given its size of \$24.5 million?

Page 310 1 WATERHOUSE - 10-19-21 MR. MORRIS: Objection to the form 3 of the question. I mean, it -- it is a -- it is -- it 4 Α. 5 is approximate. 6 Ο. Well, can we -- can we deduce -- or, 7 I'm sorry, strike that. Can you, sitting here today, 8 9 logically conclude that Affiliate Note B or C 10 represents HCMFA? 11 MR. MORRIS: Objection to the form 12 of the question. 13 Α. I don't know. I don't know. 14 can't. Okay. As of the petition date, we 15 Ο. have established that HCMFA, under promissory 16 notes, owed \$7.4 million and \$5.3 million to 17 18 the debtor; correct? 19 MR. MORRIS: Objection to the form 20 of the question. 21 Α. Yes. 22 Okay. And by my reckoning, that Q. would be somewhere approaching \$13 million. 23 24 MR. MORRIS: Objection to the form 25 of the question.

- 1 WATERHOUSE 10-19-21
- Q. It would be \$12.7 million. Is that
- 3 generally correct?
- A. Sorry, the amounts were 7.4, 5.3.
- 5 O. Yes.
- 6 A. Okay. Yeah, that -- that -- I can
- 7 do that math, yes.
- 8 Q. Do you have any explanation or any
- 9 understanding of why there is no similar entry
- 10 listed here on the schedule of assets filed
- 11 with the bankruptcy court?
- MR. MORRIS: Objection to the form
- of the question.
- 14 A. I don't know. We have to look at
- 15 the supporting schedules, like I talked about
- 16 other -- presumably there is -- there is a
- 17 build to the schedule that would provide the
- 18 detail.
- 19 Q. Well, that was going to be my next
- 20 question. You anticipated it.
- MR. RUKAVINA: You can -- you can
- take this down, Mr. Nguyen.
- Q. Do you believe that whenever you and
- 24 your team provided the underlying data to the
- 25 financial advisor that the actual names of the

- 1 WATERHOUSE 10-19-21
- 2 affiliates for Affiliate Note A, B, and C would
- 3 have been listed there?
- 4 A. Are you asking we provided the names
- 5 to the financial advisor? I don't -- I don't
- 6 understand who the financial advisor is.
- 7 O. I'm sorry, DSI.
- 8 Let me ask the question this way,
- 9 Mr. Waterhouse.
- 10 Whenever you provided information
- 11 about the affiliate notes to DSI, do you
- 12 believe that you would have included the actual
- 13 names of the affiliates, you or your team, or
- 14 that you would have done the Affiliate Note A,
- 15 Note B, Note C?
- MR. MORRIS: Objection to the form
- of the question.
- 18 MS. DANDENEAU: Objection to the
- 19 form.
- 20 A. We -- like I testified earlier, when
- 21 we were -- we gave everything to -- to DSI. We
- 22 were giving all of our records, all of our
- 23 files, everything to DSI. We weren't redacting
- 24 information or saying, hey, here is a note,
- 25 here is Affiliate Note A or B.

Page 313 1 WATERHOUSE - 10-19-21 2 I mean, it was -- our job and our 3 focus -- and I testified in court back in 2019; 4 right -- was -- was to be transparent and, you 5 know, get DSI up to speed on -- on the matters 6 at Highland. So I can't see us redacting at 7 that point. MR. RUKAVINA: Mr. Nguyen, will you 8 9 please pull up Mr. Morris' Exhibit 36. 10 Just the very first page, the very top 11 email. You might zoom in a little bit. 12 Now, you recall being asked about Ο. 13 this by Mr. Morris? 14 Α. Yes, I do. 15 Q. And you wrote: The HCMFA note is a 16 demand note. 17 You wrote that; right? 18 Α. Yes. 19 And, in fact, weren't there by that 0. 20 point in time several notes? 21 Yes, there were. Again, I don't --Α. 22 I don't remember everything specifically. I 23 mean --I understand. I understand. 24 Ο.

So this is an example where -- where

25

- 1 WATERHOUSE 10-19-21
- 2 you might have made a mistake by referring to a
- 3 singular instead of a plural; right?
- 4 A. Yes.
- 5 Q. Okay. And you -- you wrote -- a
- 6 couple of sentences later, you wrote: There
- 7 was an agreement between HCMLP and HCMFA the
- 8 earliest they could demand is May 2021.
- 9 You wrote that; right?
- 10 A. Yes.
- 11 Q. But I think you -- you agreed with
- 12 Mr. Morris that that can't possibly apply to
- 13 the May 2019 notes, can it?
- 14 MR. MORRIS: Objection to the form
- of the question. That is not what he
- 16 testified to.
- 17 Q. Let me ask -- let me ask a different
- 18 question.
- 19 Sitting here today -- or if you can
- answer me from your memory on October 6,
- 21 2020 -- did the April acknowledgment that
- 22 extended the maturity date apply to the
- 23 May 2019 notes also?
- 24 A. I don't recall specifically.
- Q. Well, you recall that the notes that

- 1 WATERHOUSE 10-19-21
- 2 you signed were demand notes; right?
- 3 A. Yes.
- 4 Q. Do you find it logical, based on
- 5 your experience, that had they intended to have
- 6 a different or a set maturity date, you would
- 7 have instructed that that set maturity date be
- 8 included instead of a demand feature?
- 9 MR. MORRIS: Objection to the form
- of the question.
- 11 A. Sorry, just want to make sure I
- 12 understand. You are saying that -- that the
- 13 \$5 million note, the \$2.4 million note, if
- 14 those were supposed to be a term note, that I
- 15 would have made sure that those were a term
- 16 note?
- 17 Q. I'm saying -- I'm saying,
- 18 Mr. Waterhouse, that on May the 2nd and May the
- 19 3rd, 2019, if you intended that those two
- 20 promissory notes could not be called until May
- 21 2021, would you have included such language in
- those two promissory notes?
- 23 MR. MORRIS: Objection to the form
- of the question.
- 25 A. I guess -- I'm sorry, I don't recall

- 1 WATERHOUSE 10-19-21
- 2 putting language in those May notes. I don't
- 3 remember what language you are referring to.
- 4 Q. Well, let's read this again.
- 5 There was an agreement between HCMLP
- 6 and HCMFA the earliest they could demand is May
- 7 2021.
- 8 Do you recall that agreement?
- 9 A. Yes, that was the agreement we
- 10 looked at earlier; correct?
- 11 Q. Okay. Yes.
- 12 Do you -- do you understand now that
- 13 that agreement that we looked at earlier also
- 14 applied to the May 2019 notes that you signed?
- 15 A. I don't -- I don't know.
- 16 Q. But as of October 6, 2020, you're
- 17 writing that there is one demand note and
- 18 you're categorizing that demand note as not
- 19 being demandable on May 2021; correct?
- 20 A. Yes.
- 21 Q. And you know now that you made at
- 22 least one mistake in this email; correct?
- 23 MR. MORRIS: Objection to the form
- of the question.
- 25 A. Yes.

Page 317 1 WATERHOUSE - 10-19-21 MR. RUKAVINA: You can pull this 3 down, Mr. Nguyen. 4 So, Mr. Waterhouse, you don't 5 remember Mr. Dondero telling you to make these 6 loans or not. HCMLP was loaning \$7.4 million 7 to someone that their assets were less than their liabilities. 9 We don't see on the July list of 10 notes, where there is \$12.7 million of notes, we don't see that on the bankruptcy schedules, 11 and we have this Exhibit 36 where you are 12 13 confused. 14 Are you prepared to tell me, sir, 15 today that you might have made a mistake in executing those two promissory notes? 16 17 MR. MORRIS: Objection to the form 18 of the question. I -- I don't know. 19 Α. 20 And if it turns out that you're Q. personally liable for those promissory notes, 21 22 it would certainly be a mistake, wouldn't it? 23 Objection to the MS. DANDENEAU: 24 form. 25 Join. MR. MORRIS:

Page 318 1 WATERHOUSE - 10-19-21 Α. Yes. 3 If Mr. Dondero testifies that he 0. 4 never told you to make these loans, would you 5 disagree with his testimony? 6 MR. MORRIS: Objection to the form 7 of the question. Like I testified earlier with my 8 Α. conversation with Mr. Dondero, all I recall is 9 10 he said, get the money from Highland. 11 And if Mr. Dondero testifies that Ο. he, in consultation with other senior personnel 12 13 at Highland, decided that Highland needed to 14 pay HCMFA \$7.4 million as compensation for the 15 NAV error and not a loan, would you have any reason to disagree with Mr. Dondero? 16 17 MR. MORRIS: Objection to the form

- of the question.
- 19 A. If that was -- if that was his
- 20 intent, yes, it would -- I would --
- Q. Do you have any reason to disagree
- 22 with him?
- 23 MR. MORRIS: Objection to the form
- of the question.
- 25 A. If that was his intent, I don't

- 1 WATERHOUSE 10-19-21
- 2 know. I don't know how I disagree with that.
- 3 Q. And just to confirm, you don't
- 4 remember ever asking Mr. Dondero whether you
- 5 should have two promissory notes prepared?
- 6 A. No.
- 7 Q. And you don't remember discussing
- 8 with Mr. Dondero what the terms of those two
- 9 promissory notes should be?
- 10 A. I don't recall -- I testified all I
- 11 recall is he said, get the money from Highland.
- 12 I don't -- the -- the terms of the note, I
- don't recall ever having a discussion around
- 14 the terms of the note, but since I don't draft
- 15 the notes, that -- there could have been a
- 16 conversation with other people later.
- 17 Q. Do you have any memory of whether
- 18 after the notes were drafted, but before you
- 19 signed them, that you communicated with
- 20 Mr. Dondero in any way to just confirm or -- or
- 21 get his blessing or ratification to signing
- 22 those notes?
- 23 MR. MORRIS: Objection to the form
- of the question.
- 25 A. I don't recall.

- 1 WATERHOUSE 10-19-21
- Q. Again, the only thing you remember,
- 3 sitting here today, was Mr. Dondero said, get
- 4 the money from Highland, and that is it, that
- 5 is all you remember?
- 6 MR. MORRIS: Objection to the form
- 7 of the question.
- 8 A. I testified to that several times.
- 9 This was over two years ago. A lot has
- 10 happened. That is all I recall.
- 11 Q. And help me here. I'm not very
- 12 technologically astute. When you -- and I -- I
- 13 recognize that you do it rarely, but when you
- 14 sign a document electronically, do you believe
- 15 that there is an electronic record of you
- 16 having authorized or signed a document
- 17 electronically?
- 18 MR. MORRIS: Objection to the form
- 19 of the question.
- 20 A. I -- I don't know the tech answer to
- 21 that, but, you know, since I don't have -- I
- 22 don't ever attach my signature block
- 23 electronically, my assistant would have done
- 24 that, and if that is done over email like we
- 25 did several times -- you know, multiple,

- 1 WATERHOUSE 10-19-21
- 2 multiple times over COVID, she would attach my
- 3 signature block and then email it out to
- 4 whatever party.
- 5 Q. What was your assistant's name in
- 6 May 2019?
- 7 A. It was Naomi Chisum.
- 8 Q. Is she the only one? I'm sorry, was
- 9 she your only assistant that would have maybe
- 10 facilitated logistically something like you
- 11 just described?
- 12 A. You know, she was out on maternity
- 13 leave at some point. I don't -- I don't recall
- 14 those dates where she was out for maternity
- 15 leave. There was -- there were folks backing
- 16 her up. I don't recall specifically who
- 17 those -- who those, you know, administrative
- 18 assistants were, and I don't recall
- 19 specifically if she was out during this time on
- 20 maternity leave.
- I do know that that she was out for
- 22 a period of time, or who knows, or she could
- 23 have been on vacation that day or, you know, I
- 24 don't know.
- 25 Q. Switching gears now, the two

1 WATERHOUSE - 10-19-21

- 2 complaints that have been filed that is against
- 3 HCMFA and NexPoint, did you see any drafts of
- 4 those complaints before they were filed?
- 5 MR. MORRIS: Objection to the form
- of the question, and to the extent that you
- 7 had any communications with counsel or you
- 8 were shown drafts of the complaints by
- 9 counsel while you were employed by
- 10 Highland, I direct you not to answer.
- 11 A. I -- I reviewed documents yesterday
- 12 with counsel here. I believe that is the first
- 13 time I have ever seen those.
- Q. Okay. Did you ever discuss with
- 15 Mr. Seery these two lawsuits before or after
- 16 they were filed?
- 17 A. I don't recall.
- 18 Q. Were you ever interviewed by legal
- 19 counsel, to your knowledge, about these
- 20 promissory notes before the complaints were
- 21 filed? Without going into what was said, were
- 22 you ever interviewed by legal counsel?
- MR. MORRIS: Objection to the form
- of the question.
- 25 A. I don't recall.

- 1 WATERHOUSE 10-19-21
- O. Obviously with COVID, it changed,
- 3 but -- but before COVID, did you used to meet
- 4 with Mr. Seery from time to time in-person?
- 5 A. Yeah, I mean, so before COVID -- so
- 6 we're talking kind of late March, early April,
- 7 right, there was about -- I don't remember the
- 8 specific date when the board for Highland was
- 9 appointed. I believe it was around February of
- 10 2020, so maybe there was a month-and-a-half,
- 11 two-month window where we were meeting
- in-person or, you know, like we were actually
- in the office, excuse me, we were in the
- 14 office.
- 15 And, you know, when they were first
- 16 appointed, the board members and Mr. Seery
- 17 were -- were definitely down here more
- 18 in-person.
- 19 Q. Did you ever see Mr. Seery taking
- 20 written notes of -- of his meetings with you or
- 21 others?
- 22 A. I don't recall.
- 23 Q. Do you recall on any Zoom or video
- 24 conference with Mr. Seery, seeing him take
- 25 notes, written notes?

- 1 WATERHOUSE 10-19-21
- 2 A. The Zoom calls we had, I don't
- 3 recall having seen video or, you know, or if it
- 4 was on Zoom, I just remember it being -- well,
- 5 no, you know what, there were some -- you know,
- 6 I take that back.
- 7 So there were -- there were some
- 8 times that I did remember seeing Mr. Seery
- 9 on -- on some of the Zoom calls.
- 10 Q. Well, let me --
- 11 A. I don't -- sorry, I'm thinking. I'm
- 12 thinking -- I'm going back. I'm trying to
- 13 process this.
- 14 Q. I can make it much quicker,
- 15 Mr. Waterhouse. I have heard -- I have heard
- 16 that Mr. Seery is a copious note taker.
- 17 Do you have any knowledge about
- 18 that?
- 19 A. No.
- 20 Q. Okay. Switching gears yet again,
- 21 and this will be last theme. Do you need a
- 22 restroom break, or are you good to go for
- another half an hour?
- MS. DEITSCH-PEREZ: I need a
- 25 restroom break.

Page 325 1 WATERHOUSE - 10-19-21 MR. RUKAVINA: Can we make it five 3 minutes? THE WITNESS: Five minutes would be 4 5 great. 6 VIDEOGRAPHER: We're going off the 7 record at 5:53 p.m. (Recess taken 5:53 p.m. to 5:59 p.m.) 8 VIDEOGRAPHER: We are back on the 9 10 record at 5:59 p.m. 11 Mr. Waterhouse, I had asked you Ο. 12 earlier about contracts between HCMFA and the 13 debtor, and now I'm going to talk about contracts between the debtor and NexPoint 14 15 Advisors. Okay? 16 Α. Okay. 17 Now, were there contracts similar to Ο. the ones with HCMFA that NexPoint had in the 18 19 nature of employee reimbursement and shared services? 20 21 Yes, they -- NexPoint Advisors and Α. Highland Capital Management Fund Advisors had 22 cost reimbursement and shared services 23 24 agreements with Highland Capital Management, 25 L.P.

- 1 WATERHOUSE 10-19-21
- 2 O. And was that shared services
- 3 agreement, to the best of your understanding,
- 4 in place as of December 31, 2020?
- 5 A. It was -- it was terminated at some
- 6 point, and I remember the contracts had
- 7 different termination dates, but I think the --
- 8 the date of termination was January 31st of
- 9 2021, after the termination was put in.
- 10 So yeah, it would be in place at the
- 11 end of the year of December -- it would be in
- 12 place at December 31st, 2020.
- Q. And pursuant to that agreement as of
- 14 December 31st, 2020, was the debtor providing
- 15 what you would describe as back office services
- 16 to NexPoint?
- 17 A. Yes.
- 18 Q. Would those have included accounting
- 19 services?
- 20 A. Yes.
- 21 Q. And as part of those accounting
- 22 services, would the debtor have assisted
- 23 NexPoint with paying its bills?
- MR. MORRIS: Objection to the form
- of the question.

Page 327 1 WATERHOUSE - 10-19-21 Α. Yes. 3 So let's break that up. You were a 0. treasurer of NexPoint as well in December of 4 5 2020? MR. MORRIS: Objection to the form 6 7 of the question. Α. Yes. 8 9 Okay. And in December of 2020, did Q. 10 NexPoint have its own bank accounts? 11 Α. Yes. 12 0. And did it use those bank accounts 13 to pay various of its obligations? 14 Α. Yes. 15 Q. Did employees of the debtor have the ability to cause transfers to be made from 16 17 those bank accounts on behalf of NexPoint? 18 Α. Yes. 19 And is that one of services that the Ο. 20 debtor provided NexPoint, basically ensuring 21 that accounts payable and other obligations 22 would be paid? 23 Α. Yes. 24 MR. MORRIS: Objection to the form

of the question.

25

Page 328 1 WATERHOUSE - 10-19-21 0. You answered yes? 3 Α. Yes. And the payments, though, whose 4 0. 5 funds would they be made from? From the bank account of NexPoint 6 Α. 7 If they were NexPoint advisor Advisors. obligations, it would be made from NexPoint 8 Advisors' bank account. 9 10 So let's pull up Exhibit Alpha 1. You should have that -- it is my Tab 1 or my 11 12 Exhibit 1. 13 (Exhibit A1 marked.) 14 So this is a -- this is a series of 0. 15 emails, Mr. Waterhouse. Let's look at the 16 first page here, November 25, 2020, between Kristin Hendrix and yourself. 17 18 Do you see that, sir? 19 Α. I do. 20 And do you see where Ms. Hendrix Q. 21 writes: NPA. 22 Do you know what NPA stood for? Yes. 23 Α. 24 And what does it stand for? Ο. 25 NexPoint Advisors. Α.

- 1 WATERHOUSE 10-19-21
- 2 Q. And was that how you-all internally
- 3 at Highland refer to NexPoint Advisors, L.P.?
- 4 A. I mean, yes, amongst other things.
- 5 O. And she writes at the bottom of her
- 6 email: Okay to release?
- 7 Do you see that?
- 8 A. Yes, I do.
- 9 Q. So what --
- MR. MORRIS: Hold on one second.
- Okay. Go ahead.
- MR. RUKAVINA: Yeah.
- 0. So what is -- what is Ms. Hendrix
- 14 here on November 25 asking of you?
- 15 A. She is asking me -- so she -- these
- 16 are -- these are payments -- typically we would
- 17 do an accounts payable run every week at the
- 18 end of every Friday. But looking at this date,
- 19 it is Wednesday, November 25th, which means, to
- 20 me, it is likely Thanksqiving weekend.
- 21 So this is the day before
- 22 Thanksgiving, so this is the last kind of --
- 23 kind of day before the holidays and vacation
- 24 and things of that nature. So it is
- 25 effectively the Friday of that week.

- 1 WATERHOUSE 10-19-21
- 2 So she is -- she is putting in all
- 3 the payments for the week because we batch
- 4 payments weekly. And these are the payments
- 5 that go out that week, and she is informing me
- of the payments and -- you know, again, at the
- 7 bottom of the email, she is asking for my okay
- 8 to -- to release these payments in the wire
- 9 system.
- 10 Q. So these would be accounts payable
- 11 of NexPoint?
- 12 A. I mean, it would be accounts payable
- 13 for all of these entities listed on this email.
- 14 Q. And who was Ms. Hendrix employed by
- in November and December of 2020?
- 16 A. Highland Capital Management.
- 17 Q. Okay. So -- so part of the services
- 18 that NexPoint had contracted with was for
- 19 Highland to ensure that NexPoint timely paid
- 20 its accounts payable; is that accurate?
- 21 MR. MORRIS: Objection to the form
- of the question. You have got to be
- 23 kidding me.
- 0. Is that accurate?
- 25 A. Yes.

Page 331 1 WATERHOUSE - 10-19-21

- O. And did NexPoint rely on employees
- 3 of the debtor to ensure that NexPoint's
- 4 accounts payable were timely paid?
- 5 MR. MORRIS: Objection to the form
- 6 of the question.
- 7 A. Yes.
- 8 MR. RUKAVINA: Let's flip to the
- 9 next page, Mr. Nguyen, if you will please
- 10 scroll to the next page.
- 11 Q. So this is an email similar to the
- 12 prior one, November 30th.
- Do you see where it says, NPA HCMFA,
- 14 USD \$325,000 one-day loan?
- Do you see that, sir?
- 16 A. I do.
- 17 Q. Do you have any memory of what that
- 18 was?
- 19 A. I don't recall what that -- what
- 20 that payment was for.
- Q. Did it sometimes occur that one
- 22 advisor would, on very short-terms, make loans
- 23 to another advisor?
- 24 A. Yes. This -- this occurred
- 25 from -- from -- from time to time. It actually

- 1 WATERHOUSE 10-19-21
- 2 looking at -- I'm -- I'm looking at the date of
- 3 this email. It is November 30th. It is the
- 4 last day of the month.
- 5 HCMFA has obligations it needs to
- 6 pay to its broker-dealer, which is HCFD. And
- 7 it likely was short funds to make those
- 8 obligations under that -- under its agreement,
- 9 and so it provided a one-day loan because on
- 10 the next business day on 12/1 -- or the next
- 11 business day in December, it would receive
- 12 management fees from the underlying funds that
- it managed and it would be able to pay back
- 14 that loan to NexPoint Advisors.
- 15 Q. So -- so here Ms. Hendrix was
- 16 seeking your approval to transfer \$325,000 from
- 17 NexPoint to HCMFA for a one-day loan; is that
- 18 correct?
- 19 A. That is correct.
- 20 Q. Let's flip to the next page, sir.
- MR. RUKAVINA: And, Mr. Nguyen, if
- you will please scroll down.
- 23 Q. Now we have as an entry for
- 24 \$325,000, 11/30 loan payment.
- Do you see that, sir?

Page 333 1 WATERHOUSE - 10-19-21

- 2 A. Yes.
- 3 Q. And that is probably the loan that
- 4 was approved on the prior page?
- 5 A. Yes, most likely.
- 6 O. So is it also true, sir, that in
- 7 addition to accounts payable debtor employees
- 8 would be assisting NexPoint with respect to
- 9 paying back its debt?
- 10 MR. MORRIS: Objection to the form
- of the question.
- 12 A. I mean, yes, for loans of this
- 13 nature, yes.
- 14 Q. Well, what about long term loans?
- 15 Was it reasonable for NexPoint to expect debtor
- 16 employees to ensure that NexPoint timely paid
- 17 its obligations under long-term notes?
- 18 MR. MORRIS: Objection to the form
- 19 of the question.
- MS. DANDENEAU: Objection to form.
- 21 A. I mean, that is one of the things
- 22 that the Highland personnel did provide to the
- 23 advisors. Yes, we would -- we would -- over
- 24 the years, yes, we -- we -- we did do
- 25 that generally. Again, I don't remember

- 1 WATERHOUSE 10-19-21
- 2 specifically but, yes, generally we -- you
- 3 know, we did do that.
- 4 Q. So do you recall -- and we can pull
- 5 it up, if need be -- that under the NexPoint
- 6 note that Mr. Morris asked you about earlier,
- 7 the one for more than \$30 million, that
- 8 NexPoint was obligated to make an annual
- 9 payment of principal and interest?
- 10 MR. MORRIS: Objection to the form
- of the question.
- 12 A. Yes, it was -- yes, it -- it was an
- 13 amortizing note. It was -- you know, from what
- 14 we reviewed earlier, it was payable by
- 15 December 31st of each year. So -- but are --
- 16 are you asking me --
- 17 Q. I'm just asking you, sir, if you
- 18 recall the note.
- 19 A. Yes, the \$30 million note, yes, we
- 20 reviewed it earlier, yes.
- 21 Q. And do you recall Mr. Morris had you
- 22 go through the fact that NexPoint had made
- 23 payments in years prior to 2020 on that note?
- 24 A. I do.
- Q. And do you believe that employees of

- 1 WATERHOUSE 10-19-21
- 2 the debtor would have played any role in
- 3 NexPoint having made those prior payments?
- 4 MR. MORRIS: Objection to the form
- 5 of the question.
- 6 A. Yes.
- 7 Q. And what role in years prior to 2020
- 8 would employees of the debtor have had with
- 9 respect to NexPoint making that annual payment?
- 10 A. We -- we would have -- I keep
- 11 saying "we." The team would have calculated
- 12 any amounts due under that loan and other
- 13 loans, as -- as standard course.
- 14 We would -- since we provided
- 15 treasury services to the advisors, we would
- 16 inform the -- the -- we informed
- 17 Mr. Dondero of any cash obligations that are
- 18 forthcoming, whether we do cash projections.
- 19 If, you know, any of these payments
- 20 would have -- or, you know, the sum total of
- 21 all of these payments, including any note
- 22 payments, if there were any cash shortfalls, we
- 23 would have informed Mr. Dondero of any cash
- 24 shortfalls. We could adequately plan, you
- 25 know, in instances like that.

- 1 WATERHOUSE 10-19-21
- Or, sorry, we -- I say "we" -- I
- 3 keep saying "we" -- I keep wearing my -- again,
- 4 my -- my treasurer hat.
- 5 But, yes, it is to -- it is to
- 6 inform Mr. Dondero of the obligations of the
- 7 advisors in terms of cash and obligations that
- 8 are -- are upcoming and that -- and that are --
- 9 are scheduled to be paid.
- 10 Q. And would those obligations that are
- 11 upcoming and scheduled to be paid prior to 2020
- 12 have incurred the annual payment on that
- 13 NexPoint \$30 million note?
- MS. DANDENEAU: Objection to form.
- 15 MS. DEITSCH-PEREZ: Davor, I think
- 16 you misspoke. You might want to just
- 17 repeat the question.
- 18 Q. Okay. Let me repeat the question,
- 19 sir.
- 20 Prior to 2020, those services that
- 21 you just described, would that -- on behalf of
- 22 the debtor, would that have included NexPoint's
- 23 payments on the \$30 million note?
- 24 A. Yes.
- 25 Q. So someone at the debtor in treasury

- 1 WATERHOUSE 10-19-21
- 2 or accounting would have sent some schedule or
- 3 a reminder that a payment would be coming due
- 4 in the future. Is that generally the practice?
- 5 A. Yes, we would -- you know, again, I
- 6 didn't -- I didn't micromanage the teams, but
- 7 we had a -- a corporate accounting calendar
- 8 that we use as kind of a tickler file to keep
- 9 track of payments.
- I actually, you know, don't know how
- 11 actively they're using that in -- in prior to
- 12 2020, but it was actively used at some point.
- We did look at NexPoint cash
- 14 periodically and cash for the other advisors as
- 15 well and payments. You know, we -- payments
- 16 like this would have appeared in our cash
- 17 projections, in the advisor's cash projections.
- 18 And, again, as like I said earlier,
- 19 they would have appeared there, so there would
- 20 be time to plan for making any of these
- 21 payments.
- 22 Q. And based on your experience, would
- 23 it have been reasonable for NexPoint to rely on
- 24 the debtors' employees to inform NexPoint of an
- 25 upcoming payment due on the \$30 million

Page 338

1 WATERHOUSE - 10-19-21

- 2 promissory note?
- MR. MORRIS: Objection to form of
- 4 the question.
- 5 MS. DANDENEAU: Objection to form.
- 6 A. Yes. Yes, they did. I mean, but I
- 7 mean, but I don't think these -- these notes
- 8 were any secret to anybody.
- 9 Q. I understand, and I'm not suggesting
- 10 otherwise.
- MR. RUKAVINA: Please pull up Alpha
- 12 2, Mr. Nguyen.
- 13 (Exhibit A2 marked.)
- 14 Q. Now, this document is similar to the
- ones we've seen before as of December 31, 2020,
- 16 and I don't see under NTA anything there for
- 17 paying the promissory note to Highland.
- Do you see anything like that?
- 19 A. I do not.
- 20 MR. RUKAVINA: You can pull that --
- 21 that exhibit down, Mr. Nguyen.
- Q. You are aware, of course, by now
- 23 that, in fact, NexPoint failed to make the
- 24 payment due December 31, 2020, are you not?
- 25 A. I am aware, and yes, I do understand

1 WATERHOUSE - 10-19-21

- 3 Q. Were you aware that Highland
- 4 accelerated that \$30 million promissory note?
- 5 A. I am aware.

2.

it.

- 6 Q. Were you aware of that acceleration
- 7 at the time that it occurred?
- 8 A. I don't remember specifically.
- 9 Q. Do you recall whether anyone asked
- 10 you -- prior to the acceleration, anyone asked
- 11 you at Highland, what Highland should do with
- 12 respect to the missed payment?
- 13 A. Did anyone ask me what Highland
- 14 should do about the missed payment?
- 15 Q. Yes, before acceleration.
- MR. MORRIS: Objection to the form
- of the question.
- 18 A. I mean, what -- what I recall is
- 19 there was the -- sorry, are you asking me --
- MS. DANDENEAU: Why don't you just
- 21 repeat the question, Mr. Rukavina.
- 22 Q. Let me try again, Mr. Waterhouse,
- 23 let me try again.
- I am saying you're the CFO of
- 25 someone, in this case, Highland, and the

- 1 WATERHOUSE 10-19-21
- 2 borrower failed to make the required payment.
- 3 Are you with me so far?
- 4 A. I am.
- 5 Q. Did anyone then ask you, what should
- 6 we do with respect to our rights against the
- 7 borrower that missed the payment?
- 8 A. Not that I recall.
- 9 Q. Did you play a role in the decision
- 10 to accelerate that \$30 million promissory note?
- 11 A. I did not.
- 12 Q. Do you recall whether Mr. Seery ever
- 13 asked you before the acceleration as to whether
- 14 he should accelerate the note?
- 15 A. I don't recall.
- 16 Q. And you don't recall when you
- 17 learned of the acceleration itself?
- 18 MR. MORRIS: Objection to the form
- 19 of that question.
- 20 A. It was -- it was sometime in
- 21 early -- in early 2021. I don't remember
- 22 specifically.
- Q. But do you recall whether it was
- 24 after the acceleration had already been
- 25 transmitted?

Page 341 1 WATERHOUSE - 10-19-21 MS. DANDENEAU: Objection to the 3 form of the question. 4 Α. I don't recall. 5 Do you recall in early to mid 0. January of 2021, after the default, discussing 6 7 the default with Mr. Dondero? Α. I do recall discussing with 8 9 Mr. Dondero after December 31, 2020? 10 Yes, the fact of the default. Q. 11 Α. I don't recall. 12 MR. RUKAVINA: Let's pull up my 13 Exhibit 6, Alpha 6. 14 (Exhibit A6 marked.) 15 MR. RUKAVINA: And, Mr. Nguyen, if 16 you will please scroll down. 17 This email chain begins with you 0. writing to Ms. Hendrix on January the 12th: 18 NexPoint note to HCMLP. 19 20 Do you see that, sir? 21 Α. I do. 22 Were you discussing this same 0. \$30 million note we're talking about right now 23 24 with Ms. Hendrix? 25 Α. Yes.

- 1 WATERHOUSE 10-19-21
- O. Okay. Do you recall what prompted
- 3 you to send that email to her?
- 4 A. Yes, I had -- I had a conversation
- 5 with Jim.
- 6 Q. Okay. And what -- what did you
- 7 discuss with Jim that led to this email chain?
- 8 A. He -- he called me and he said he
- 9 wanted to make payment on the NexPoint note,
- 10 and I didn't -- I didn't know the -- the amount
- 11 offhand, so I reached out to Kristin and got
- 12 the details and relayed that to him.
- 13 Q. And you see you sent that email to
- 14 her at 11:15 a.m. Does that help you remember
- when you had this discussion with Mr. Dondero?
- 16 In other words, was it that morning or the day
- 17 before, or can you -- can you --
- 18 A. No, it was -- it was that morning.
- 19 Q. And do you recall how you had that
- 20 conversation with him?
- 21 MR. MORRIS: Objection to the form
- of the question.
- Q. By telephone, by email, in-person?
- 24 A. Yeah, he -- he called me. I was at
- 25 home. We were working from home here in

- 1 WATERHOUSE 10-19-21
- 2 December of 2020. He called me from home. He
- 3 said he was in court. He wanted to -- he asked
- 4 about, you know, making payment on the note and
- 5 the amount, and so I didn't have those numbers
- 6 in front of me, so I said I would get back to
- 7 him. I wanted all the details, so here is
- 8 this -- so I reached out to Kristin.
- 9 Q. And then she gave you that
- 10 \$1,406,000 figure?
- MR. RUKAVINA: Mr. Nguyen, if you
- 12 will scroll up, please.
- 13 A. Yes. Yeah, she -- the \$1,406,112.
- Q. And do you recall whether you
- 15 conveyed that amount to Mr. Dondero?
- 16 A. Yes. I -- I called him back and
- 17 gave him -- gave him this amount.
- 18 Q. Are you aware of whether NexPoint,
- in fact, then made that 1 million 406 and
- 20 change payment?
- 21 A. Yes, they did.
- Q. Did you discuss with Mr. Dondero at
- 23 that time, either the first conference or the
- 24 second conference that day -- strike that.
- When you conveyed the number to

- 1 WATERHOUSE 10-19-21
- 2 Mr. Dondero, was -- was it also on January
- 3 12th?
- 4 A. Sorry, when I conveyed the
- 5 \$1.4 million number?
- 6 O. Yes.
- 7 A. Yes, yes, it was that -- it was --
- 8 Q. So you had --
- 9 A. It was that point.
- 10 Q. Well, to the best of your
- 11 recollection, you had a conference with
- 12 Mr. Dondero by the telephone in the morning,
- and then another conference with him by
- 14 telephone after 11:40 a.m. that morning?
- 15 A. Yeah, I can't remember -- yeah, it
- 16 was either that morning or it could have been,
- 17 you know, early afternoon, but again, I
- 18 remember calling him back, relaying this
- 19 information to him, and he said, okay, pay --
- 20 you know, make -- make this payment.
- 21 Q. And during either of those two
- 22 calls, did you tell Mr. Dondero anything to the
- 23 effect that making those -- I'm sorry, making
- 24 that payment would not de-accelerate the
- 25 promissory note?

Page 345 1 WATERHOUSE - 10-19-21 2 Α. No. 3 Did you tell him anything to the 0. effect that making that payment would not cure 4 5 the default? 6 Α. No. 7 Did you discuss that in any way with Ο. him? 8 9 Α. No, I did not. 10 Did he say why he wanted to have Q. that \$1.4 million payment made? 11 12 MR. MORRIS: Objection to the form 13 of the question. He -- he -- he didn't go into 14 Α. 15 specifics. 16 Did he say anything to you to the effect that if NexPoint makes that payment, 17 then the note will be de-accelerated? 18

- MR. MORRIS: Objection to the form 19
- 20 of the question.
- 21 I don't recall. Α.
- 22 MR. RUKAVINA: You can put this one
- 23 down, Mr. Nguyen.
- 24 And, again, when you say you don't 0.
- 25 recall, you mean you don't remember right now

WATERHOUSE - 10-19-21

Page 346

2 either way; correct?

1

- 3 A. Yeah, I don't remember. I don't
- 4 remember us discussing that.
- 5 Q. Now -- and we're almost done, I
- 6 promise. I'm just going to -- I don't know how
- 7 to ask this question, so I'm just going to try
- 8 to do my best.
- 9 Prior to the default on December 31,
- 10 2020, did Mr. Seery ever tell you any words to
- 11 the effect that you or someone at Highland
- 12 should ensure that NexPoint doesn't make its
- 13 payment?
- 14 A. No.
- 15 Q. Did you have any hint or any belief
- 16 that anyone at NexPoint -- I'm sorry, strike
- 17 that.
- 18 Did you have any reason to believe
- 19 that anyone with Highland was actively trying
- 20 to get NexPoint to make that default by not
- 21 paying on December 31?
- MR. MORRIS: Objection to the form
- of the question.
- A. Are you asking, did any Highland
- 25 employees actively work to make -- to

Page 347 1 WATERHOUSE - 10-19-21 2. somehow --3 Let me take a step back. 0. Yes. Let 4 me take a step back. 5 So you are aware now that as a 6 result of that default, what was still some 7 25-year note was accelerated and became immediately due. You are aware of that now; 8 9 right? 10 Α. Yes. 11 And can you see how someone at Ο. Highland might actually have been pleased with 12 13 that development? MR. MORRIS: Objection to the form. 14 15 Ο. Not that they were --- not that they were pleased, but you can see how someone at 16 Highland might have been pleased with that 17 development? 18 19 MR. MORRIS: Objection to the form 20 of the question. 21 MS. DANDENEAU: Object to form. 22 I don't know how they would have Α. 23 reacted to that.

aware of any instructions or any actions being

Okay. But you're not -- you're not

24

25

Ο.

- 1 WATERHOUSE 10-19-21
- 2 given or taken at Highland by Mr. Seery, the
- 3 independent board, DSI, that -- that would have
- 4 basically led Highland to ensure that NexPoint
- 5 would fail to make that payment?
- 6 A. I'm not aware.
- 7 Q. In other words, there wasn't a trick
- 8 or a settlement; right?
- 9 MS. DEITSCH-PEREZ: Objection to
- 10 form.
- MS. DANDENEAU: Object to form.
- MR. MORRIS: Object to form.
- 13 A. I'm not aware.
- Look, I'm not aware. I'm not in
- 15 every conversation. I mean, and I'm just --
- 16 again, I'm sitting at home. It is the end of
- 17 the year. Again, I'm not aware.
- 18 Q. That is a perfectly legitimate
- 19 answer. I don't know why -- why you think
- 20 otherwise.
- Okay. Just give me one second to
- 22 compose my thoughts.
- MS. DEITSCH-PEREZ: While you're
- taking your one second, why don't we take
- 25 three minutes. I will be right back.

```
Page 349
 1
                  WATERHOUSE - 10-19-21
 2
                VIDEOGRAPHER: Do we want to go off
 3
          the record?
 4
                MR. RUKAVINA: Yes.
 5
                VIDEOGRAPHER: All right. We're
 6
          going off the record at 6:27 p.m.
 7
          (Recess taken 6:27 p.m. to 6:30 p.m.)
                VIDEOGRAPHER: We are back on the
 8
 9
          record at 6:30 p.m.
10
                MR. HORN: Is Deb back?
11
                MS. DANDENEAU: Are you asking about
              I'm here.
12
          me?
13
                MR. HORN: Oh, okay. I don't see
14
          you, sorry.
15
                Actually, yeah, Mr. Waterhouse, so
          Q.
16
     when you had --
17
                MS. DANDENEAU: Are you asking about
18
          Deb Dandeneau or Deborah? I mean, there
19
          are a lot -- as we talked about, a lot of
20
          Debs. I'm here.
21
                MS. DEITSCH-PEREZ: I'm here.
22
                MR. HORN: Yes, I was asking about
23
         DDP.
24
                MS. DEITSCH-PEREZ: Oh, DDP is here.
25
                MR. HORN: Okay. Here we go. I'm
```

Page 350 1 WATERHOUSE - 10-19-21 2 going back on mute. 3 MS. DANDENEAU: Get the right 4 nomenclature. 5 Mr. Waterhouse, on January 12th, Ο. 6 2021, when you had those talks with Mr. Dondero 7 about the \$1.4 million payment, did you have a communication or a conversation with Mr. Seery 8 9 about that payment after January 12th, 2021? 10 Α. I don't recall. 11 Well, in response to Mr. Dondero Q. reaching out to you, do you recall on that day, 12 13 January 12th, talking to Mr. Seery or anyone at 14 Highland other than the email chain we just saw 15 about Mr. Dondero's call with you? 16 Did I talk to -- I spoke with Α. Kristin -- I don't know if I spoke to her. 17 likely spoke to Kristin Hendrix because we had 18 19 to get the wire on NexPoint's behalf to make 20 the payment to Highland. 21 So it is true, then, that -- that Ο. 22 employees of the debtor did actually cause that 23 payment to be made when it was made after

Yes, I mean, we -- we -- as I

24

25

January 12th?

Α.

- 1 WATERHOUSE 10-19-21
- 2 testified earlier, we provided that accounting
- 3 finance treasury function as -- under the
- 4 shared services agreement. And so once I
- 5 got the -- I talked to Jim, got the approval to
- 6 make this payment, we have to then make the
- 7 payment, or the team does, and so the payment
- 8 was made.
- 9 Q. Okay. But -- okay. And -- and
- 10 sitting here right now, after Jim called you,
- 11 you don't remember talking to anyone other than
- 12 the -- the couple of people you mentioned,
- 13 talking to anyone about something to the effect
- 14 that, hey, Jim wants to make this payment now?
- MR. MORRIS: Objection to the form
- of the question.
- 17 A. I don't -- I don't recall.
- 18 Q. And does that include legal counsel?
- 19 Without going into any detail, on
- 20 January 12th or before that payment was made,
- 21 did you consult with legal counsel about
- 22 anything having to do with the \$1.4 million
- 23 payment?
- 24 A. I don't recall.
- Q. Okay. Thank you, sir, for your

```
Page 352
 1
                  WATERHOUSE - 10-19-21
 2.
     time.
 3
                MR. RUKAVINA: Pass the witness.
 4
                MR. MORRIS: I just have a few
          questions, if I may.
 5
 6
                MS. DEITSCH-PEREZ: Don't you go at
 7
          the end?
 8
                MR. MORRIS: Oh, I apologize. He is
 9
          your witness. I'm surprised you want to
10
          ask him questions, but go right ahead.
11
                MS. DEITSCH-PEREZ: Just have a
12
          couple of things.
13
                MR. RUKAVINA: And I will just
14
          object to that, that he's our witness.
15
          That's not --
16
                MR. MORRIS: I'm not talking to you.
17
          I'm not talking to you.
                MS. DANDENEAU: Also, Mr. Morris, it
18
19
          is -- it is --
20
                MS. DEITSCH-PEREZ: He is not my
21
          witness. He's been subpoenaed by you.
22
          Okay?
23
                That is no offense, Mr. Waterhouse,
24
          I'm -- I'm not -- okay. Anyway.
25
                       EXAMINATION
```

Page 353 1 WATERHOUSE - 10-19-21 2. BY MS. DEITSCH-PEREZ: 3 Good evening. I'm very sorry to be 0. 4 going last and I know you have had a long and taxing day, so I thank you for indulging me. 5 The kinds of services that you 6 7 describe that the -- that Highland provided for NexPoint, did Highland also provide similar 8 services to that to HCRE and HCMS? 9 10 Α. Yes. 11 MR. MORRIS: Objection to the form 12 of the question. 13 0. What kind of services did Highland 14 provide to HCRE and HCMS? 15 MR. MORRIS: Objection to the form 16 of the question. 17 MS. DEITSCH-PEREZ: What is your 18 objection, John? 19 MR. MORRIS: It is vague and 20 ambiguous. Unlike the advisors and 21 NexPoint, they actually had shared services 22 agreements. 23 MS. DEITSCH-PEREZ: I got -- I 24 understand your objection. That is fine.

Let's take them one at a time.

25

Q.

Page 354 1 WATERHOUSE - 10-19-21 2 What kinds of services did Highland 3 provide to HCRE? MR. MORRIS: Objection to the form 4 5 of the question. 6 Α. HCMS, Highland employees provided 7 accounting services, treasury management

- services, potentially legal services. 8
- 9 don't -- but I wouldn't have been directly
- 10 involved in that. But as far as the teams that
- I manage, it was accounting, treasury, things 11
- 12 of that nature.
- 13 0. Okay. And that was for HCM, LLP --
- And -- and, sorry, it would also be 14 Α.
- 15 any asset valuation if needed as well.
- Okay. We went back and forth on 16 0.
- each other and I apologize, so just to clarify. 17
- You were talking about the services 18
- 19 that Highland Capital Management provided to
- 20 HCMS; is that right?
- 21 HCMS. So, again, yes. Α. And
- 22 accounting, treasury, valuation, and also tax
- 23 services too.
- 24 Ο. Okay.
- 25 Tax services. Look, I'm expanding Α.

Page 355 1 WATERHOUSE - 10-19-21 this, their HR services as well. 3 Q. Okay. And did that include bill 4 paying? 5 MR. MORRIS: Objection to the form of the question. 6 7 Did the services that HCM provided to HCMS include bill paying? 8 MR. MORRIS: Objection to the form 9 10 of the question. 11 Α. Yes. 12 And did the services that HCMLP Q. 13 provided to HCMS include scheduling upcoming bills? 14 15 MR. MORRIS: Objection to the form 16 of the question. 17 Yes. Α. And did HCMLP regularly pay -- cause 18 Q. to be paid the payments on loans HCMS had from 19 20 HCMLP? MR. MORRIS: Objection to the form 21 22 of the question. 23 Α. Yes. 24 0. Typically -- if there is a

typically, how far in advance of due dates did

25

- 1 WATERHOUSE 10-19-21
- 2 HCMLP cause HCMS to pay its bills?
- 3 MR. MORRIS: Objection to the form
- 4 of the question.
- 5 A. I mean, it -- it depend -- it
- 6 depended on the nature of the payment and the
- 7 vendor, but, you know, if there were -- if
- 8 there were larger scheduled payments, you know,
- 9 I would like to give at least 30 days notice.
- 10 And that is -- that is kind of my
- 11 rule of thumb so no one is surprised.
- 12 Q. Okay. And was it generally HCMLP's
- 13 practice to timely pay HCMS' bills?
- 14 MR. MORRIS: Objection to the form
- of the question.
- 16 A. It -- it -- it -- that depended on
- 17 the nature of the payment.
- 18 Q. Okay. And can you explain what you
- 19 mean by that?
- 20 A. Yeah, I mean if -- if it was -- I
- 21 mean -- if there was some professional fees
- 22 that weren't -- you know, they were due but
- 23 they weren't urgent, those fees may not be paid
- 24 as timely as others that have a due date or --
- 25 or things like that.

Page 357 WATERHOUSE - 10-19-21

- Q. Okay. Are loan payments the kinds
- 3 of thing that HCMLP would pay on time because
- 4 of potential consequences of not paying on
- 5 time?

1

- 6 MR. MORRIS: Objection to the form
- 7 of the question.
- 8 A. Yes. As I testified earlier, we
- 9 would want to give, you know, notice on -- on
- 10 -- on larger payments and -- and things of that
- 11 nature so we didn't miss due dates.
- 12 Q. Okay. And over the course of time,
- 13 did HCMLP generally pay HCMS' loan payments in
- 14 a timely fashion?
- MR. MORRIS: Objection to the form
- of the question.
- 17 A. I can't remember specifically, but
- 18 generally, yes.
- 19 O. Okay. Now, did HCMLP provide
- 20 similar services to HCRE that you have
- 21 described it provided to HCMS?
- 22 MR. MORRIS: Objection to the form
- of the question.
- 24 A. Yes, but I don't think it -- it
- 25 provided -- I don't think it provided HR

Page 358

1 WATERHOUSE - 10-19-21

2 services.

- Q. Can you describe the accounting and
- 4 treasury services that HCMLP provided for HCRE?
- 5 A. Yeah, it -- it would provide
- 6 bookkeeping services on a -- on a periodic
- 7 basis. It would make payments, you know, as
- 8 needed.
- 9 Q. Okay. So did it provide --
- 10 A. And -- and I believe it -- it -- it
- 11 provided tax services as well.
- 12 Q. Okay. And so did it provide the
- 13 same kind of bill -- did HCMLP provide the same
- 14 kind of bill-paying services for HCRE that it
- 15 provided for HCMS and NexPoint?
- MR. MORRIS: Objection to the form
- of the question.
- 18 A. Yes.
- 19 O. And over the course of time, did
- 20 HCMLP generally cause to be made the loan
- 21 payments that HCRE owed to HCMLP?
- MR. MORRIS: Objection to the form
- of the question.
- 24 A. Yes.
- 25 Q. Did HCMLP make loan payment -- the

- 1 WATERHOUSE 10-19-21
- 2 loan payment that was due from HCMS to HCMLP in
- 3 December of 2020?
- 4 MR. MORRIS: Objection to the form
- of the question.
- 6 A. I don't believe that payment --
- 7 payment was made.
- 8 Q. Okay. And when HCMLP caused HCMS in
- 9 the past to make loan payments, whose money did
- 10 it use to make those payments?
- 11 MR. MORRIS: Objection to the form
- of the question.
- 13 A. It was the -- the money in HCMS's
- 14 operating account would be made to that --
- 15 those moneys would be used to make payment to
- 16 Highland Capital Management.
- 17 Q. Okay. And Highland -- is it correct
- 18 that Highland Capital Management personnel had
- 19 the access to HCMS's accounts to be able to
- 20 cause such payments to be made?
- 21 A. Yes, Highland personnel had access
- 22 to those accounts.
- Q. Okay. And so now for HCRE, whose
- 24 money was used when HCMLP caused HCRE
- 25 payments -- loan payments to Highland to be

Page 360 1 WATERHOUSE - 10-19-21 2 made? 3 MR. MORRIS: Objection to the form 4 of the question. 5 It was -- it was cash in HCRE's bank Α. 6 account that would be used to make payments to 7 Highland Capital Management. Okay. And so did Highland Capital 8 Q. 9 Management have access to HCRE's funds in order 10 to be able to make such payments? 11 MR. MORRIS: Objection to the form 12 of the question. Personnel at Highland Capital 13 Α. Management had access to HCRE's bank account to 14 15 effectuate the payments. 16 Okay. And was the payment due from Ο. 17 HCRE to HCMLP due in December of 2020 made? 18 Α. It --19 In December of 2020. Ο. 20 Α. It was not. 21 Okay. And was there money in HCRE's Q. 22 account that would have enabled the payment to 23 be made had HCM personnel attempted to make the 24 payment?

MR. MORRIS: Objection to the form

25

Page 361 1 WATERHOUSE - 10-19-21

- of the question.
- 3 A. I -- I don't recall.
- 4 Q. Do you have any reason to believe
- 5 that either HCRE or HCMS simply didn't have the
- funds on hand to make the December 2020
- 7 payments?
- 8 A. I don't know.
- 9 Q. I quess I'm asking, do you have any
- 10 reason to believe that they didn't have the
- 11 funds?
- 12 A. We managed cash for so many
- different entities and funds, and I don't
- 14 recall, you know, where the cash position was
- 15 for HCRE and HCMS at 12/31/2020.
- 16 Q. Okay.
- 17 A. I just don't recall, and I don't --
- and I don't remember what the loan payment
- 19 obligations were from HCRE to Highland, and
- 20 from HCMS to Highland. I don't recall. I
- 21 don't recall, I mean...
- Q. Let me come at it a different way.
- 23 Were the -- were the payments that would
- 24 otherwise have been due in December of 2020
- 25 made in January of 2021 for HCMS and HCRE?

- 1 WATERHOUSE 10-19-21
- 2 A. I believe the HCRE payment was made
- 3 in January of 2021. I don't recall any
- 4 payments being made from HCMS to Highland.
- 5 Q. If it -- how is it the HCRE payment
- 6 came to be made? Why did you make it -- why
- 7 did HCM make the payment in January of 2021?
- 8 A. Jim -- Jim called me and instructed
- 9 me to -- to make the payment on behalf of HCRE,
- 10 Jim Dondero -- Jim Dondero.
- 11 Q. Did he seem upset that -- that the
- 12 payment had not been made?
- 13 A. Yeah. On the note that was, you
- 14 know, that was the term note, yes, he -- he was
- 15 displeased that the -- that the payment had not
- 16 been made by year-end.
- 17 Q. Okay. And did you make the -- cause
- 18 the payment to be made as -- as requested?
- 19 A. Yes.
- 20 Q. And did anyone else from HCM
- 21 participate with you in causing the payment to
- 22 be made to -- on the HCRE loan?
- 23 A. Yes. It would have been Kristin
- 24 Hendrix. I -- again, I don't -- as I testified
- 25 earlier, I'm not an officer of HCRE. I don't

- 1 WATERHOUSE 10-19-21
- 2 believe I'm an authorized signer. So I
- 3 can't -- other personnel have to make payment
- 4 from HCRE to -- to -- to Highland.
- 5 Q. Okay. And in the conversation
- 6 that -- that you had with Mr. Dondero when he
- 7 requested the payment to be made, did you say
- 8 to him words to the effect, Jim, this loan is
- 9 going to stay in default, what are you making
- 10 the payment for, anything like that?
- 11 A. No.
- 12 Q. In fact, did you have the impression
- 13 from him that he thought that the loan would
- 14 be -- the default would be cured by making the
- 15 payment?
- MR. MORRIS: Objection to the form
- of the question.
- 18 A. Did I get the impression from Jim
- 19 Dondero that the loan would be cured if the
- 20 payment from HCRE --
- 21 Q. Yeah, if that is what he thought.
- MR. MORRIS: Objection to the form
- of the question.
- 24 A. I didn't get any impression from him
- 25 on that at the time.

- 1 WATERHOUSE 10-19-21
- 2 O. Do you know whether there was an
- 3 HCMS term loan that had a payment due in
- 4 December of 2020?
- 5 A. I don't recall.
- 6 Q. Okay. And so the reason you don't
- 7 recall whether or not there was a payment in
- 8 January of 2021 is because you just don't
- 9 remember whether there was such a loan at all?
- 10 MR. MORRIS: Objection to the form
- of the question.
- 12 A. I don't remember. There is -- there
- is so many notes, and I mean, demands, and I
- 14 don't -- I don't remember. It's a lot to keep
- 15 track in your head.
- 16 Q. I understand, and -- and I hear your
- 17 frustration when you have explained that the
- 18 debtor has your documents and you don't, and so
- 19 I fully appreciate it, and this is no knock on
- 20 you. It's a knock on somebody else on this
- 21 call.
- MR. MORRIS: I move to strike. That
- was pretty obnoxious, but go ahead.
- Q. Okay. But so, Mr. Waterhouse, if --
- 25 if a payment on the HCMS loan was made in

- 1 WATERHOUSE 10-19-21
- 2 January of 2021, do you think it was part of
- 3 the same conversation where Jim Dondero said,
- 4 hey, why didn't that get paid, please make
- 5 that -- get that payment done?
- 6 MR. MORRIS: I object to the form of
- 7 the question.
- 8 A. Yes. Likely it would have been -- I
- 9 mean, again, I don't recall a payment being
- 10 made, but, you know, again, I don't remember
- 11 everything.
- 12 Q. Okay. Did -- at the time you were
- 13 communicating with Kristin Hendrix about the
- 14 payment being made, whichever payments were
- 15 made in January, did she say anything to you
- 16 about the payments not curing the loan
- 17 defaults?
- 18 A. No.
- 19 Q. Okay. All right. So I'm going to
- 20 take you back to very early in the deposition
- 21 when Mr. Morris was asking you about the --
- 22 the -- the -- the agreement with respect to
- 23 the -- the forgiveness element of the loans, so
- 24 that is just to orient you.
- Do you remember that there was a

- 1 WATERHOUSE 10-19-21
- 2 time that you and Mr. Dondero were
- 3 communicating about potential means of
- 4 resolving the Highland bankruptcy by what was
- 5 colloquially referred to as a pot plan?
- 6 A. Yes.
- 7 Q. Okay. And can you tell me generally
- 8 when that was?
- 9 A. Like mid -- mid 2020, sometime in
- 10 2020, mid 2020.
- 11 Q. Okay. And did the process of trying
- 12 to figure out what the numbers should be
- involve looking at what one should pay for the
- 14 Highland assets?
- MR. MORRIS: Objection to the form
- of the question.
- 17 A. Yes.
- 18 Q. Okay. And did there come a time
- 19 when you were proposing some potential numbers
- 20 and Mr. Dondero said something to you like,
- 21 well, why are you including payment for the
- 22 related party notes, those, you know, were
- 23 likely to be forgiven as part of my deferred
- 24 executive compensation?
- 25 MR. MORRIS: Objection to the form

Page 367

WATERHOUSE - 10-19-21

- 2 of the question.
- 3 A. Yes, we did have that conversation.
- 4 Q. Okay. Was that conversation in
- 5 connection with trying to figure out the right
- 6 numbers for a pot plan?
- 7 A. Yeah. I mean, it was -- it was -- I
- 8 mean, Jim -- Jim would ask for, you know,
- 9 most -- most recent asset values, you know, for
- 10 Highland, and -- and myself and the team
- 11 provided those to him, so it was in that
- 12 context.
- Q. Okay. And does that refresh your
- 14 recollection that these communications were in
- 15 2020 rather than 2021?
- 16 MR. MORRIS: Objection to the form
- of the question.
- 18 A. The -- the -- the executive
- 19 compensation discussions were definitely in
- 20 2020.
- 21 Q. Okay. Now, did you ever make
- 22 proposals that took into account Jim's comment
- 23 that the notes were likely to end up forgiven
- 24 as part of his compensation?
- 25 MR. MORRIS: Objection to the form

- 1 WATERHOUSE 10-19-21
- 2 of the question.
- 3 A. Yes, we -- the team and myself put
- 4 together, you know, asset summaries of Highland
- 5 at various times for all the assets of
- 6 Highland, and not including the notes.
- 7 Q. Okay. And were those presentations
- 8 communicated to -- to Mr. Seery?
- 9 A. No. Well, look, I didn't tell -- I
- 10 didn't tell Mr. Seery. I don't know what
- 11 Mr. Dondero did with the information.
- 12 Q. Okay.
- 13 A. I did not have conversations with
- 14 Mr. Seery.
- 15 Q. Okay. Do you know who saw the
- 16 presentations that you put together that didn't
- include the value of the related party notes?
- 18 A. We're talking presentations -- these
- 19 are -- these are Excel spreadsheets?
- 20 Q. Uh-huh.
- 21 A. I don't know who -- these were given
- 22 to -- to Jim Dondero. I don't know what was
- 23 done with them after that.
- O. Okay. You also mentioned earlier
- 25 that sometime during your tenure at Highland

- 1 WATERHOUSE 10-19-21
- 2 you knew of the practice of giving forgivable
- 3 loans to executives.
- 4 MR. MORRIS: Objection to the form
- of the question.
- 6 Q. Can you -- can you tell me what you
- 7 recall about that practice?
- 8 MR. MORRIS: Objection to the form
- 9 of the question.
- 10 A. Yes, so there were -- there were --
- 11 during my tenure at Highland, there were loans
- 12 or -- given to employees that were later
- 13 forgiven at a future date and time.
- 0. Okay. And when the loans were
- 15 given, did the notes, to your recollection, say
- 16 anything about the potential forgiveness term?
- 17 MR. MORRIS: Objection to the form
- 18 of the question.
- 19 A. When you say "did the notes," did
- 20 the promissory notes detail the forgiveness?
- 21 Q. Yes.
- 22 A. Not that I recall.
- Q. And until such time as whatever was
- 24 to trigger the forgiveness occurred, were the
- 25 notes bona fide notes as far as you were

Page 370 1 WATERHOUSE - 10-19-21 2. concerned? 3 MR. MORRIS: Objection to the form of the question. 4 5 Α. Yes, similar to -- yes. 6 Ο. Okay. You were going to say similar 7 to what? Α. Mr. Morris earlier today showed 8 notes of the financial statements about various 9 10 affiliate loans. I -- I -- I do recall these notes because I -- at that time personally 11 12 worked on the -- the financial statements of 13 Highland. That was, you know, in my role as a 14 corporate accountant. 15 And there were -- those loans 16 were -- to the partners were detailed in the notes to the financial statements, similar to 17 what we went through earlier today in the prior 18 19 testimony about what we saw with Highland 20 and -- and -- and the -- and HCMFA. 21 Is it fair to say that on Highland's Ο. 22 balance sheet there were any number of assets 23 that the value of which could be affected by 24 subsequent events? 25 MR. MORRIS: Objection to the form

WATERHOUSE - 10-19-21

Page 371

of the question.

1

- 3 A. Yes. I mean, yes, that -- there
- 4 are. And that is -- yes.
- 5 Q. Okay. And is it typical accounting
- 6 practice that until there is some certainty
- 7 about those potential future events, that asset
- 8 value listed on -- on the books doesn't take
- 9 into account those potential future events?
- 10 MR. MORRIS: Objection to the form
- of the question.
- 12 A. Yeah, if those -- yes. If -- if
- 13 those future events, you know, at the time of
- 14 issuance are not known or knowable, like I
- 15 discussed earlier with, like, market practice,
- 16 asset dislocation, or, you know, I mean, things
- 17 like that, you -- I mean, it -- it could affect
- 18 its fair value --
- 19 Q. Okay.
- 20 A. -- in the future.
- 21 Q. And am I correct you wouldn't feel
- 22 compelled to footnote in every possible change
- 23 in -- in an asset when those possibilities are
- 24 still remote?
- 25 MR. MORRIS: Objection to the form

Page 372 1 WATERHOUSE - 10-19-21 2 of the question. The accounting standard is you have 3 Α. 4 to estimate to the best -- you know, to -- to the best of your ability, the fair value of an 5 asset as of the balance sheet date under --6 7 under GAAP. Did -- strike that. 8 0. 9 Okay. Give me a minute. I'm 10 close -- I'm close to done. Let me just go off and look at my notes for a second. So take two 11 12 minutes. 13 VIDEOGRAPHER: We're going off the 14 record at 7:02 p.m. 15 (Recess taken 7:02 p.m. to 7:03 p.m.) 16 VIDEOGRAPHER: We are back on the 17 record at 7:03 p.m. Mr. Waterhouse, is it generally your 18 Q. 19 understanding that people you work with now 20 have been asking the debtor for full and 21 unfetterred access to their own former files? 22 MR. MORRIS: Objection to the form 23 of the question. 24 Yes, I am -- I am generally aware. Α.

Okay. And do you think you could

25

Q.

- 1 WATERHOUSE 10-19-21
- 2 have been better prepared for this deposition
- 3 if the debtor had complied with those requests?
- 4 MR. MORRIS: Objection to the form
- of the question.
- 6 A. I -- I -- I most certainly -- yes.
- 7 I mean, again, these are multiple years,
- 8 multiple years ago, lots and lots of
- 9 transactions.
- 10 You know, we asked about NAV errors
- 11 and, you know, things like that and these
- 12 are -- it would make this process a lot more --
- 13 a lot easier and if we had -- if we had access
- 14 to that.
- 15 Q. Okay. And has the debtor -- is the
- 16 debtor suing you right now?
- 17 A. Yes.
- 18 Q. And is the debtor trying to renege
- on deals that it had previously made with you?
- 20 MR. MORRIS: Objection to the form
- of the question.
- 22 A. Sorry, I need to -- it is my
- 23 understanding that the litigation trust is
- 24 suing me. And not being a lawyer, I don't
- 25 know -- is that the debtor?

Page 374 1 WATERHOUSE - 10-19-21

- 2 Is that -- I don't know the
- 3 relationship. So, again, I'm not the lawyers.
- 4 I've said many times. But my understanding is
- 5 the litigation trust is suing me. I could be
- 6 wrong there. I don't know.
- 7 Q. Okay. I understand.
- 8 Someone with some connection to the
- 9 Highland debtor has brought a claim against
- 10 you; is that fair?
- 11 MR. MORRIS: Objection to the form
- of the question.
- 13 A. Yes.
- Q. Okay. And is there also some motion
- 15 practice in the bankruptcy where the debtor or
- 16 someone associated with the debtor is
- 17 attempting to undo something that was
- 18 previously resolved with you?
- 19 A. Yes.
- 20 Q. And so in one action somebody is
- 21 associated with the debtors trying to --
- 22 threatening you with trying to take money from
- 23 you, and then in the other -- and trying to --
- 24 and in the other they are threatening not to
- 25 pay you things that had previously been agreed;

Page 375 1 WATERHOUSE - 10-19-21 2. is that correct? 3 MR. MORRIS: Objection to the form of the question. 4 5 Α. I want to be -- yes, I -- there 6 is -- I'm being sued, again, on -- on something 7 that was agreed to with Mr. Seery and myself. I don't -- I don't -- I don't own that claim. 8 9 Q. Okay. 10 To be transparent, I don't own that Α. So it is not my personal property. 11 12 Q. Okay. 13 Α. And -- and being the nonlawyer, I 14 don't know how I can get sued for something 15 that I don't owe or, like, I don't own anything. I'm not the lawyer. But, I mean, if 16 that is -- if I'm understanding the facts 17 18 correctly. 19 Okay. And the lawsuit that was Ο. 20 filed that names you, that was just filed 21 this -- this past week; is that right? 22 MS. DANDENEAU: Ms. Deitsch-Perez, I 23 do want to interrupt at this point because 24 just as I told Mr. Morris, that this is a

deposition about the noticed litigation.

25

```
Page 376
 1
                  WATERHOUSE - 10-19-21
                I really don't want to go -- go
 3
          afield --
 4
                MS. DEITSCH-PEREZ: Yeah.
 5
                MS. DANDENEAU: -- and open up a
          whole new line of inquiry about the lawsuit
 6
 7
          or the -- the motion and the bankruptcy
          court. We will be here all night.
 8
 9
                MS. DEITSCH-PEREZ:
                                     And I
10
          understand.
                My -- my point is: Do you feel
11
          Ο.
     like -- like there is some effort by these
12
     parties related to the debtor to intimidate
13
     you -- not that you -- I'm not saying you are
14
15
     or you aren't.
16
                But do you feel like there is some
     effort to intimidate you and maybe an effort to
17
     deter you from being as prepared as you might
18
19
     be in this deposition?
20
                MR. MORRIS: Objection to the form
21
          of the question.
22
                I was -- I was surprised by the
          Α.
     lawsuit, by me being named, because, again, I
23
24
     don't own the asset and things like that.
25
     Yeah, I just -- I want to move forward with my
```

Page 377 1 WATERHOUSE - 10-19-21 2. life at Skyview. 3 MS. DEITSCH-PEREZ: Thank you. 4 THE WITNESS: Thank you. 5 FURTHER EXAMINATION 6 BY MR. MORRIS: If I may, I just have a few 7 Ο. questions. 8 9 Mr. Waterhouse, we saw a number of 10 documents that Mr. Rukavina put up on the screen where Ms. Hendrix would send you a 11 schedule of payments that were due on behalf of 12 13 certain Highland affiliates. 14 Do you remember that? 15 Α. Yes. 16 And in each instance she asked for 0. your approval to make the payments; is that 17 18 right? 19 Yes, she did. Α. And was that the -- was that the 20 Q. practice in the second half of 2020 whereby 21 22 Ms. Hendrix would prepare a list of payments 23 that were due on behalf of Highland associates 24 and ask for approval?

25

Α.

Yes.

Page 378

WATERHOUSE - 10-19-21

- 2 O. And I think you said that there was
- 3 a -- a --
- 4 A. It was -- I think I testified to
- 5 this earlier when we talked about procedures
- 6 and policy, you know, again, I want to be
- 7 informed of -- of -- of -- of any
- 8 payments that are going out. I want to be made
- 9 aware of these payments, and that was just a
- 10 general policy, not just for 2020.
- 11 Q. Okay. So it went beyond 2020?
- 12 A. Yes.
- 13 Q. Is that right?
- 14 A. Yes.
- 15 Q. Okay. And the corporate accounting
- 16 group would prepare a calendar that would set
- 17 forth all of the payments that were anticipated
- 18 in the -- in the three weeks ahead; is that
- 19 right?
- 20 A. I -- like I testified earlier, we
- 21 had a corporate calendar that was set up, you
- 22 know, to -- to provide reminders or, you know,
- 23 of anything of any nature, whether it is
- 24 payments or -- or financial statements or, you
- 25 know, whatever it is, you know, to meet

WATERHOUSE - 10-19-21

Page 379

2 deadlines.

1

- I don't know how, as I testified
- 4 earlier, how much they were using that
- 5 calendar.
- 6 Q. Okay. But -- but you did get notice
- 7 and a request to approve the payments that were
- 8 coming due on behalf of Highland's affiliates.
- 9 Do I have that right?
- MS. DANDENEAU: Objection to form.
- 11 A. I mean, generally, yes. I mean, you
- 12 know, as we saw with these emails, generally, I
- mean, did that encompass everything, no.
- 14 Q. Okay. Do you know why the
- 15 payment -- do you know why there was no payment
- 16 made by NexPoint at the end of 2020?
- 17 A. Yes. There was -- there was -- we
- 18 talked about these agreements between the
- 19 advisors and Highland, the shared services and
- 20 the cost reimbursement agreement.
- 21 And in late 2020, there were
- 22 overpayments, large overpayments that had been
- 23 made over the years on these agreements, and it
- 24 was my understanding that the advisors were --
- 25 were talking with -- like Jim Seery and others

- 1 WATERHOUSE 10-19-21
- 2 to offset any obligations that the advisors
- 3 owed to Highland as offset to the overpayments
- 4 on these agreements.
- 5 Q. Okay. Did you participate in any of
- 6 those conversations?
- 7 A. I did not.
- 8 Q. Okay. Do you know -- do you recall
- 9 that the -- at the end of November, the debtor
- 10 did notice to the advisors of their intent to
- 11 terminate the shared services agreements?
- 12 A. Like I testified earlier, there
- 13 was -- the agreements weren't identical, from
- 14 what I recall, and there is one that had a
- 15 longer notice period, which I think had a
- 16 60-day notice period. I don't recall which one
- 17 that was, so not all of them were -- notice
- 18 hadn't been given as of November 30th, for all
- 19 of the agreements.
- 20 Q. Upon the receipt of the -- the
- 21 termination notices that you recall, do you
- 22 know if the advisors decided at that point not
- 23 to make any further payments of any kind to
- 24 Highland?
- MR. RUKAVINA: Objection, form.

- 1 WATERHOUSE 10-19-21
- 2 A. No. The advisors -- the advisors
- 3 had stopped making payments prior to that
- 4 notice.
- 5 Q. Okay. And how do you know that the
- 6 advisors stopped making -- making payments
- 7 prior to the notice?
- 8 A. I had -- I had a conversation
- 9 with -- with Jim Dondero.
- 10 Q. And did Mr. Dondero tell you that
- 11 the advisors would no longer make payments to
- 12 Highland?
- MS. DEITSCH-PEREZ: Object to the
- 14 form.
- 15 A. Yes, he -- he -- again, he said
- 16 they -- they -- the advisors have overpaid on
- 17 these agreements, to not make any future
- 18 payments, and that there needs to be offsets,
- 19 and they're working on getting offsets to these
- 20 overpayment.
- 21 Q. Do you know if anybody ever
- instructed Highland's employees to make the
- 23 payment that was due by NexPoint at the end of
- 24 the year?
- 25 A. Did anyone instruct Highland's

WATERHOUSE - 10-19-21

Page 382

- 2 employees to make that payment?
- 3 Q. Correct.

1

- 4 A. Anyone -- not that I'm aware.
- 5 Q. Were any of Highland's employees
- 6 authorized to make the payments on behalf of
- 7 its affiliates -- withdrawn.
- 8 Was any of Highland's employees
- 9 authorized to effectuate the payment on behalf
- 10 of NexPoint that was due at the end of the year
- 11 without getting approval from either you or
- 12 Mr. Dondero?
- 13 A. They had the -- they had the ability
- 14 to make the payment, but they didn't -- you
- 15 know, that -- that payment needed to be
- 16 approved.
- Q. Okay. And it needed to be approved
- 18 by you or Mr. Dondero; is that right?
- 19 A. I mean, I'm not going to make the
- 20 unilateral decision.
- 21 Q. Is that a decision that you
- understood had to be made by Mr. Dondero?
- 23 A. Yes. Sitting back in December of
- 24 2020, the -- that -- there was this off --
- 25 offset negotiation that -- that was happening,

- 1 WATERHOUSE 10-19-21
- 2 so I mean, until those negotiations were
- 3 resolved, you know, there wasn't any
- 4 payments -- there weren't any payments.
- 5 Q. And -- and there were no payments
- 6 until the negotiations were resolved because
- 7 that was the directive that you received from
- 8 Mr. Dondero; correct?
- 9 A. I don't think he said -- I mean, I
- 10 think -- yeah, I mean -- I'm trying to recall
- 11 the conversation. It was -- you know, there
- 12 is -- there is these negotiations. There's --
- there needs to be these offsets. They're
- 14 talking with the debtor. So, you know, until
- 15 this is resolved, right, I mean, depending on
- 16 how, whatever that resolution was, were we to
- 17 take any action.
- 18 Q. Okay. How about with respect to
- 19 HCMS, did HCMS have a term payment due at the
- 20 end of the year?
- 21 A. Again, I don't -- I don't recall.
- Q. Okay. You discussed briefly two
- 23 payments that were made in January of 2021, one
- on behalf of NexPoint, and one on behalf of
- 25 HCMS. Do I have that right?

- 1 WATERHOUSE 10-19-21
- 2 A. No. The two payments I recall were
- 3 NexPoint and HCRE.
- 4 Q. Okay. And those two payments --
- 5 thank you for the correction. And those two
- 6 payments were made because Mr. Dondero
- 7 authorized those payments to be made; correct?
- 8 A. Yes.
- 9 Q. And they hadn't been made before
- 10 that because Mr. Dondero had not authorized
- 11 them to be made?
- MS. DEITSCH-PEREZ: Object to the
- form.
- 14 A. Yes, because of these negotiations.
- 15 Q. Okay. Just a couple of more
- 16 questions.
- 17 Did anybody, to the best of your
- 18 knowledge, on behalf of HCMFA, ever tell the
- 19 SEC that HCMLP was responsible for the mistakes
- 20 that were made on the TerreStar valuation?
- 21 A. Did anyone from Highland on HCMFA's
- 22 behalf tell the SEC that Highland -- that
- 23 Highland was responsible for there -- I just
- 24 want to make sure --
- Q. It was a little bit different, so

Page 385 1 WATERHOUSE - 10-19-21

- 2 let me try again.
- 3 A. These are very long questions, John.
- 4 I'm not trying to be --
- 5 Q. That is good. Do you know whether
- 6 anybody -- do you know whether anybody on
- 7 behalf of HCMS -- HCMFA ever told the SEC that
- 8 Highland was the responsible party for the
- 9 TerreStar valuation error?
- 10 A. Not that I'm aware.
- 11 Q. Okay. Did anybody on behalf of
- 12 the -- on behalf of HCMFA ever tell the retail
- 13 board that Highland was responsible for the
- 14 TerreStar valuation error?
- 15 A. Not that I'm aware.
- 16 Q. Do you know if HCMFA made an
- insurance claim with respect to the damages
- 18 that were incurred in relation to the TerreStar
- 19 valuation error?
- 20 A. Yes.
- 21 Q. And do you know why they made that
- 22 insurance claim?
- 23 A. Because there was an error. I
- 24 mean --
- Q. Was the insured's claim made -- was

- 1 WATERHOUSE 10-19-21
- 2 the insurance claim made under HCMFA's policy?
- 3 A. Yes.
- 4 Q. Did HCMFA at any time prior to the
- 5 petition date -- withdrawn.
- 6 You were asked a couple of questions
- 7 where -- where you said that Mr. Dondero told
- 8 you that he was ascribing zero value to the
- 9 notes as part of a pot plan because he believed
- 10 that the notes were part of executive
- 11 compensation.
- Do I have that right?
- MS. DEITSCH-PEREZ: Object to the
- 14 form.
- 15 A. Yes.
- 16 Q. Okay. Have you ever heard that
- 17 before the time that Mr. Dondero told you that
- in the conversation about the pot plan?
- 19 A. Had I heard that prior to my
- 20 conversation with Mr. Dondero?
- 21 Q. Yes.
- 22 A. No, I had not heard that prior.
- Q. Okay. And that was in the context
- 24 of his formulation of the settlement proposal;
- 25 is that right?

Page 387

1 WATERHOUSE - 10-19-21

- A. I mean, generally, yes. You know,
- 3 we were asked to provide asset values, right,
- 4 and he was having settlement discussions.
- 5 Again, I don't know who those went to
- 6 ultimately. I don't recall.
- 7 MR. MORRIS: I have no further
- 8 questions. Thank you very much for your
- 9 patience. I apologize for the late hour.
- 10 MS. DEITSCH-PEREZ: John, you stay
- on about your email when --
- MR. RUKAVINA: Hold on, I'm not
- done.
- MS. DEITSCH-PEREZ: Oh, okay. Davor
- still has questions. Sorry. I was going
- 16 to say both John and Davor, could you stay
- on afterwards just to talk about the
- 18 requests.
- 19 FURTHER EXAMINATION
- 20 BY MR. RUKAVINA:
- Q. Mr. Waterhouse, you were just now
- 22 testifying about a discussion you had with
- 23 Mr. Dondero where he said something like no
- 24 more payments.
- Do you remember that testimony?

Page 388

1 WATERHOUSE - 10-19-21

- 2 A. Yes.
- 3 Q. Okay. And was that late November or
- 4 early December of 2020?
- 5 A. It was, I would say, first or second
- 6 week of November.
- 7 Q. Okay. Do you recall whether --
- 8 whenever you had that discussion, whether
- 9 Mr. Dondero had already been fired by the
- 10 debtor?
- 11 A. Yes, I -- I believe he was not an
- 12 employee of the debtor anymore at that time.
- Q. And when you were discussing this
- 14 with Mr. Dondero and he said no more payments,
- 15 you were discussing the two shared services
- 16 agreements and employee reimbursement
- 17 agreements we testified -- you testified about
- 18 before; is that correct?
- 19 MR. MORRIS: Objection to the form
- of the question.
- 21 A. That is correct.
- 22 Q. And had your office or you -- and we
- 23 will talk at a future deposition about the
- 24 administrative claim.
- 25 But had -- by that time that you

- 1 WATERHOUSE 10-19-21
- 2 talked to Mr. Dondero, had your office or you
- 3 done any estimate of what the alleged
- 4 overpayments were?
- 5 MR. MORRIS: Objection to the form
- 6 of the question.
- 7 A. Yes, we had -- there was a -- there
- 8 was a detailed analysis that was put together
- 9 by David Klos at the time.
- 10 Q. And do you recall just generally
- 11 what the total amount for both advisors of the
- 12 overpayments was?
- 13 A. It was in excess of \$10 million.
- 14 Q. Was it in excess of \$14 million?
- MR. MORRIS: Objection to the form
- of the question.
- 17 A. I -- I remember it was an
- 18 eight-figure number. I don't remember
- 19 specifically.
- 20 Q. Okay. And did you convey that
- 21 number to Mr. Dondero when you had that
- 22 conversation?
- 23 A. Yes.
- O. What was his reaction?
- 25 A. I mean, he wasn't happy.

Page 390

WATERHOUSE - 10-19-21

- Q. Is it fair to say he was upset?
- 3 A. Yes.
- 4 Q. Did Mr. Dondero ever expressly tell
- 5 you to not have NexPoint make the required
- 6 December 31, 2020, payment?
- 7 A. Yes, I recall him saying don't make
- 8 the payment because it was being negotiated, as
- 9 I discussed with Mr. Morris, this offset
- 10 concept. So there were obligations due by the
- 11 advisors to Highland, they should be offset
- 12 that -- you know, those obligations should be
- 13 offset by this -- by this overpayment.
- 14 Q. And when did he tell you that?
- 15 A. I would say -- I would say around --
- 16 probably December -- December-ish.
- 17 Q. Early December, late December?
- 18 A. I don't recall with as much
- 19 specificity as -- as -- as stopping the
- 20 shared services payments, because we had
- 21 actually made one shared services payment in
- 22 November. So that is why I need to remember
- 23 that one more clearly. I don't remember where
- 24 exactly in December that conversation occurred.
- Q. Did Mr. Dondero expressly use the

- 1 WATERHOUSE 10-19-21
- 2 word "NexPoint" when he was saying don't make
- 3 these payments?
- 4 MR. MORRIS: Objection to the form
- of the question, asked and answered.
- 6 A. Yeah, we were -- we were discussing
- 7 advisor obligations. So it was -- you know, it
- 8 was just obligations from the advisors.
- 9 And -- and he specifically talked
- 10 about the NexPoint payment as well.
- 11 Q. Okay. And it is your testimony that
- 12 he expressly told you not to make that NexPoint
- 13 December 31 payment?
- MR. MORRIS: Objection, asked and
- 15 answered twice.
- 16 A. Yes, he -- he did, during that
- 17 conversation.
- 18 Q. And did you ever follow up with him
- 19 after that about whether NexPoint should or
- 20 shouldn't make that payment?
- 21 A. I did not.
- 22 Q. Did you ever, on or about
- 23 December 31, 2020, remind him and say, hey,
- 24 this payment is due, what shall I -- what
- 25 should I do?

Page 392 1 WATERHOUSE - 10-19-21 I did not. Α. 3 So sitting here today, you -- you 0. 4 remember distinctly that Dondero in December of 2020 expressly told you not to have NexPoint 5 6 make that payment? 7 MR. MORRIS: Objection, asked and answered three times. 8 9 Α. Yes. 10 Can you say categorically it wasn't Q. just some general discussion where he told you 11 not to make payments? 12 13 MR. MORRIS: Objection, asked and answer four times. 14 15 MR. HORN: Four times now. Go for 16 five. 17 Α. Yes. 18 Did you tell Mr. Seery that? Q. I don't believe I did. I don't 19 Α. 20 recall. 21 And was this an in-person discussion Q. 22 or telephone or email? Do you remember?

- 23 A. This was a phone -- a phone
- 24 conversation.
- Q. Okay. Would you have a record of --

Page 393

WATERHOUSE - 10-19-21

- on your cell phone of when that conversation
- 3 might have taken place?
- 4 I'm sorry, strike that.
- Was that by cell phone?
- 6 A. I believe -- yes, because we -- I
- 7 was at home. I mean, I don't have a landline.
- 8 All I have is my cell phone.
- 9 Q. Do you know whether your cell phone
- 10 still has records of conversations from
- 11 December 2020 on it?
- 12 A. My call log doesn't go back that
- 13 far.
- Q. Okay. Thank you.
- MR. RUKAVINA: I will pass the
- 16 witness.
- 17 MS. DEITSCH-PEREZ: Just a couple
- 18 quick questions.
- 19 FURTHER EXAMINATION
- 20 BY MS. DEITSCH-PEREZ:
- Q. With respect to HCRE and HCMS, am I
- 22 correct there was -- there was no direction not
- 23 to pay those loan payments?
- 24 MR. MORRIS: Objection to the form
- of the question.

- 1 WATERHOUSE 10-19-21
- 2 A. Yes, I don't recall having
- 3 conversations about, you know, those -- those
- 4 entities.
- 5 Q. And, in fact, what was the tone that
- 6 Mr. Dondero had when he talked to you about the
- 7 fact that HCRE and HCMS payments hadn't been
- 8 made when he found out that they hadn't been
- 9 paid?
- 10 MS. DANDENEAU: Objection to form.
- 11 MR. MORRIS: Objection to form.
- 12 Q. What was the tone he took with you?
- 13 A. Oh, it was -- it was -- it
- 14 was very negative. I mean, I think he cursed
- 15 at me and he doesn't usually curse.
- 16 Q. Okay. And in your mind, is that
- 17 consistent with the fact that he was surprised
- 18 that those payments hadn't been made?
- 19 MR. MORRIS: Objection to the form
- of the question.
- 21 A. Yes.
- 22 Q. Okay. Thank you.
- MR. MORRIS: I have nothing further.
- Thank you so much, Mr. Waterhouse.
- MR. HORN: I have no questions.

		Page 395
1	WATERHOUSE - 10-19-21	raye 373
2	Thank you, Mr. Waterhouse. We appreciate	
3	your time. I am logging off the discussion	
4	and I will talk to y'all tomorrow.	
5	MR. MORRIS: Super.	
6	VIDEOGRAPHER: If there are no	
7	further questions, this ends the	
8	deposition excuse me. This ends the	
9	deposition, and we are going off the record	
10	at 7:30 p.m.	
11	(Deposition concluded at 7:30 p.m.)	
12		
13		
14	FRANK WATERHOUSE	
15		
16	Subscribed and sworn to before me	
17	this day of 2021.	
18		
19		
20		
21		
22		
23		
24		
25		

1	WATERHOUSE - 10-19-21	Page 396
2	CERTIFICATE	
3		
4	I, SUSAN S. KLINGER, a certified shorthand	
5	reporter within and for the State of Texas, do	
6	hereby certify:	
7	That FRANK WATERHOUSE, the witness whose	
8	deposition is hereinbefore set forth, was duly	
9	sworn by me and that such deposition is a true	
10	record of the testimony given by such witness.	
11	I further certify that I am not related to	
12	any of the parties to this action by blood or	
13	marriage; and that I am in no way interested in	
14	the outcome of this matter.	
15	IN WITNESS WHEREOF, I have hereunto set my	
16	hand this 19th of October, 2021.	
17	(usan & Klinger	
18		
19	Susan S. Klinger, RMR-CRR, CSR	
20	Texas CSR# 6531	
21		
22		
23		
24		
25		

1	WATERHOUSE - 10-19-21	Page 397
2	NAME OF CASE: In re: Highland Capital	
3	DATE OF DEPOSITION: October 19, 2021	
4	NAME OF WITNESS: Frank Waterhouse	
5	Reason Codes:	
6	1. To clarify the record.	
7	2. To conform to the facts.	
8	3. To correct transcription errors.	
9	PageLineReason	
10	Fromto	
11	PageLineReason	
12	Fromto	
13	PageLineReason	
14	Fromto	
15	PageLineReason	
16	Fromto	
17	PageLineReason	
18	Fromto	
19	PageLineReason	
20	Fromto	
21	PageLineReason	
22	Fromto	
23	PageLineReason	
24	Fromto	
25		

PACHULSKI STANG ZIEHL & JONES LLP

Jeffrey N. Pomerantz (CA Bar No. 143717) (admitted pro hac vice) John A. Morris (NY Bar No. 2405397) (admitted pro hac vice) Gregory V. Demo (NY Bar No. 5371992) (admitted pro hac vice) Hayley R. Winograd (NY Bar No. 5612569) (admitted pro hac vice) 10100 Santa Monica Blvd., 13th Floor Los Angeles, CA 90067

Telephone: (310) 277-6910 Facsimile: (310) 201-0760

HAYWARD PLLC

Melissa S. Hayward (Texas Bar No. 24044908) Zachery Z. Annable (Texas Bar No. 24053075) 10501 N. Central Expy, Ste. 106 Dallas, Texas 75231

Telephone: (972) 755-7100 Facsimile: (972) 755-7110

Counsel for Highland Capital Management, L.P.

IN THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF TEXAS DALLAS DIVISION

In re:	§
	§ Chapter 11
HIGHLAND CAPITAL MANAGEMENT, L.P., 1	§ Case No. 19-34054-sgj11
Reorganized Debtor.	§ §
HIGHLAND CAPITAL MANAGEMENT, L.P.,	8
, ,	8
Plaintiff,	S Adversary Proceeding No.
	§ 21 02005 ·
VS.	§ 21-03005-sgj
	§
NEXPOINT ADVISORS, L.P., JAMES	§
DONDERO, NANCY DONDERO AND THE	§
DUGABOY INVESTMENT TRUST,	§
	Š
Defendants.	§
HIGHLAND CAPITAL MANAGEMENT, L.P.,	8
inending enimital windredwiding ding	8 8
Plaintiff,	8 Adversary Proceeding No.
	8
VS.	8 21-03006-sgj
vo.	8
	8

¹ The Reorganized Debtor's last four digits of its taxpayer identification number are (6725). The headquarters and service address for the above-captioned Reorganized Debtor is 100 Crescent Court, Suite 1850, Dallas, TX 75201.

HIGHLAND CAPITAL MANAGEMENT	- §	
SERVICES, INC., JAMES DONDERO, NANCY	§	
DONDERO, AND THE DUGABOY	§	
INVESTMENT TRUST,	§	
	§	
Defendants.	§	
HIGHLAND CAPITAL MANAGEMENT, L.P.,	- §	
	§	
Plaintiff,	§	Adversary Proceeding No.
	§	
VS.	§	21-03007-sgj
	§	
HCRE PARTNERS, LLC (N/K/A NEXPOINT	§	
REAL ESTATE PARTNERS, LLC), JAMES	§	
DONDERO, NANCY DONDERO, AND THE	§	
DUGABOY INVESTMENT TRUST,	§	
	§	
Defendants.	_ §	

HIGHLAND'S OBJECTION TO MOTION OF DEFENDANT NEXPOINT ADVISORS, L.P. TO EXTEND EXPERT DISCLOSURE AND DISCOVERY DEADLINES

Highland Capital Management, L.P., the reorganized debtor ("<u>Highland</u>") in the above-captioned chapter 11 case (the "<u>Bankruptcy Case</u>") and the plaintiff in the above-captioned adversary proceeding (the "<u>Adversary Proceeding</u>"), hereby objects (the "<u>Objection</u>") to the *Motion of NexPoint Advisors, L.P. to Extend Expert Disclosure and Discovery Deadlines* [AP Docket No. 86]² (the "<u>Motion</u>") filed by defendant NexPoint Advisors, L.P. ("<u>NexPoint</u>") and joined by certain defendants in other related adversary proceedings. Highland fully incorporates by reference its contemporaneously filed brief (the "<u>Brief</u>")³ in opposition to the Motions and would show unto the Court as follows:

² Unless specified otherwise, references to "AP Docket No. __" are to the docket entries in NexPoint's Adversary Proceeding, 21-03005.

³ Capitalized terms used but not defined herein shall take on the meaning scribed thereto in the Brief.

RELIEF REQUESTED

- 1. By this Objection, Highland respectfully requests that the Court enter an order denying the Motions seeking to extend the expert disclosure and discovery deadlines set forth in the Scheduling Order.
- 2. Pursuant to Rules 7.1(d) and (h) of the *Local Bankruptcy Rules of the United States*Bankruptcy Court for the Northern District of Texas (the "Local Rules"), the Brief is being filed contemporaneously with this Objection and is incorporated by reference.

PRAYER

WHEREFORE, PREMISES CONSIDERED, Highland respectfully requests that the Court enter an order (i) denying in whole the relief requested in the Motions, and (ii) granting Highland such further and additional relief as the Court deems just and proper.

Dated: December 1, 2021. PACHULSKI STANG ZIEHL & JONES LLP

Jeffrey N. Pomerantz (CA Bar No. 143717) John A. Morris (NY Bar No. 2405397) Gregory V. Demo (NY Bar No. 5371992) Hayley R. Winograd (NY Bar No. 5612569) 10100 Santa Monica Blvd., 13th Floor

Los Angeles, CA 90067 Telephone: (310) 277-6910 Facsimile: (310) 201-0760

E-mail: jpomerantz@pszjlaw.com

jmorris@pszjlaw.com gdemo@pszjlaw.com hwinograd@pszjlaw.com

-and-

HAYWARD PLLC

/s/ Zachery Z. Annable

Melissa S. Hayward (Texas Bar No. 24044908) Zachery Z. Annable (Texas Bar No. 24053075)

10501 N. Central Expy, Ste. 106

Dallas, Texas 75231

Telephone: (972) 755-7100 Facsimile: (972) 755-7110

E-mail: MHayward@HaywardFirm.com

ZAnnable@HaywardFirm.com

Counsel for Highland Capital Management, L.P.

PACHULSKI STANG ZIEHL & JONES LLP

Jeffrey N. Pomerantz (CA Bar No. 143717) (admitted pro hac vice) John A. Morris (NY Bar No. 2405397) (admitted pro hac vice) Gregory V. Demo (NY Bar No. 5371992) (admitted pro hac vice) Hayley R. Winograd (NY Bar No. 5612569) (admitted pro hac vice) 10100 Santa Monica Blvd., 13th Floor Los Angeles, CA 90067

Telephone: (310) 277-6910 Facsimile: (310) 201-0760

HAYWARD PLLC

Melissa S. Hayward (Texas Bar No. 24044908) Zachery Z. Annable (Texas Bar No. 24053075) 10501 N. Central Expy, Ste. 106 Dallas, Texas 75231

Telephone: (972) 755-7100 Facsimile: (972) 755-7110

Counsel for Highland Capital Management, L.P.

IN THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF TEXAS DALLAS DIVISION

	1	
In re:	§ §	Chapter 11
HIGHLAND CAPITAL MANAGEMENT, L.P.,1	§ §	Case No. 19-34054-sgj11
Reorganized Debtor.	§ §	
HIGHLAND CAPITAL MANAGEMENT, L.P.,	§	
Plaintiff,	§ § 8	Adversary Proceeding No.
vs.	\$ \$ \$	21-03005-sgj
NEXPOINT ADVISORS, L.P., JAMES	8 8	
DONDERO, NANCY DONDERO AND THE	§	
DUGABOY INVESTMENT TRUST,	§	
	§	
Defendants.	§	
HIGHLAND CAPITAL MANAGEMENT, L.P.,	§	
	§	
Plaintiff,	§	Adversary Proceeding No.
	§	
VS.	§	21-03006-sgj
	§	

¹ The Reorganized Debtor's last four digits of its taxpayer identification number are (6725). The headquarters and service address for the above-captioned Reorganized Debtor is 100 Crescent Court, Suite 1850, Dallas, TX 75201.

DOCS_NY:44447.9 36027/003

APP 538

	_	
HIGHLAND CAPITAL MANAGEMENT	§	
SERVICES, INC., JAMES DONDERO, NANCY	§	
DONDERO, AND THE DUGABOY	§	
INVESTMENT TRUST,	§.	
,	8	
Defendants.	§	
HIGHLAND CAPITAL MANAGEMENT, L.P.,	_ §	
	8	
Plaintiff,	§	Adversary Proceeding No.
	§	
VS.	8	21-03007-sgj
	8	
HCRE PARTNERS, LLC (N/K/A NEXPOINT	§	
REAL ESTATE PARTNERS, LLC), JAMES	§	
DONDERO, NANCY DONDERO, AND THE	§	
DUGABOY INVESTMENT TRUST,	§	
,	§	
Defendants.	_ §	

TABLE OF CONTENTS

		Page
I.	PRELIMINARY STATEMENT	1
II.	STATEMENT OF FACTS	4
A.	The Note	4
B.	NexPoint Defaults under the Note and Highland Sues to Collect	5
C.	NexPoint Blames Highland for Its Default	6
D.	The Court Enters the Scheduling Order	6
E.	Mr. Waterhouse Testifies that Mr. Dondero Instructed Him Not to Make Any Payments to Highland	7
F.	Highland's Obligations under the Shared Services Agreement Were Limited to Those "Specifically" Identified Therein	8
G.	The Instant Motion	9
III.	ARGUMENT	9
A.	NexPoint's Suggested "Expert Testimony" Is Improper as a Matter of Law	9
В.	NexPoint Fails to Establish that Good Cause Exists to Modify the Scheduling Order	10
	NexPoint's Explanation for Failing to Timely Designate an Expert Is Deficient	12
	2. NexPoint's Suggested "Expert" Testimony Is Irrelevant	13
	3. Allowing the Testimony Would Prejudice Highland	15
C.	HCRE's and HCMS's Joinders Have Even Less Merit than the Motion and Should Be Denied	17
CON	CLUSION	17

TABLE OF AUTHORITIES

Cases

Askanase v. Fatjo, 130 F.3d 657 (5th Cir. 1997)
Binh Hoa Le v. Exeter Fin. Corp., 3:15-CV-3839-L, 2019 WL 1436375 (N.D. Tex. Mar. 31, 2019)
Charalambopoulos v. Grammer, 3:14-CV-2424-D, 2017 WL 930819 (N.D. Tex. Mar. 8, 2017)
Flax v. Quitman County Hosp., LLC, 2:09-CV-101-M-D, 2011 WL 3585870 (N.D. Miss. Aug. 16, 2011)
Geiserman v. MacDonald, 893 F.2d 787 (5th Cir.1990) passim
Grand Time Corp. v. Watch Factory, Inc., 3:08-CV-1770-K, 2009 WL 10678210 (N.D. Tex. Nov. 18, 2009)
Hanspard v. Otis Elevator Co., CIV.A. 05-1292, 2007 WL 839994 (W.D. La. Jan. 12, 2007)
Henderson v. Atmos Energy, 496 F. Supp. 3d 1011 (E.D. La. 2020)
Nola Ventures, LLC v. Upshaw Ins. Agency, Inc., CV 12-1026, 2014 WL 12721924 (E.D. La. Nov. 7, 2014)
Panhandle Advert., LLC v. United Rentals Realty, LLC, 2:19-CV-189-Z-BR, 2021 WL 1112901 (N.D. Tex. Feb. 12, 2021)
Pipitone v. Biomatrix, Inc., 288 F.3d 239 (5th Cir. 2002)
Reliance Ins. Co. v. Louisiana Land & Expl. Co., 110 F.3d 253 (5th Cir. 1997)
Rolls-Royce Corp. v. Heros, Inc., CIV.A. 307-CV-0739-D, 2010 WL 184313 (N.D. Tex. Jan. 14, 2010)
S&W Enters., L.L.C. v. SouthTrust Bank of Alabama, NA, 315 F.3d 533 (5th Cir. 2003)
Taylor Pipeline Const., Inc. v. Directional Rd. Boring, Inc., 438 F. Supp. 2d 696 (E.D. Tex. 2006)

Rules	
Fed. R. Civ. P. 16(b)(4)	11

HIGHLAND'S MEMORANDUM OF LAW IN SUPPORT OF OBJECTION TO MOTION OF DEFENDANT NEXPOINT ADVISORS, L.P. TO EXTEND EXPERT DISCLOSURE AND DISCOVERY DEADLINES

Highland Capital Management, L.P., the reorganized debtor ("<u>Highland</u>") in the above-captioned chapter 11 case (the "<u>Bankruptcy Case</u>") and the plaintiff in the above-captioned adversary proceeding (the "<u>Adversary Proceeding</u>"), hereby objects (the "<u>Objection</u>") to the *Motion of NexPoint Advisors, L.P. to Extend Expert Disclosure and Discovery Deadlines* [AP Docket No. 86]² (the "<u>Motion</u>") filed by defendant NexPoint Advisors, L.P. ("<u>NexPoint</u>") and joined by certain defendants in other related adversary proceedings.³ In support of its Objection, Highland respectfully states as follows:

I. <u>PRELIMINARY STATEMENT</u>⁴

- 1. NexPoint's Motion to modify the Scheduling Order is without merit and should be denied.
- 2. This Adversary Proceeding arises from NexPoint's default under its Note in the original principal amount of \$30.7 million. The Note required NexPoint to make Annual Installment payments to Highland on December 31 of each year.
- 3. NexPoint blames Highland for its failure to timely make the Annual Installment payment. Initially, NexPoint contended that Highland breached its obligations by negligently failing to make the payment on NexPoint's behalf. Then, Frank Waterhouse, an officer of NexPoint, a current employee of Skyview (the entity that services numerous of Mr. Dondero's

² Unless specified otherwise, references to "AP Docket No. __" are to the docket entries in NexPoint's Adversary Proceeding, 21-03005.

³ See Motion of Highland Capital Management Services, Inc. to Extend Expert Disclosure and Discovery Deadlines, filed at Docket No. 91 in Adversary Proceeding 21-03006 ("HCMS's Joinder") (incorporating NexPoint's Motion), and Motion of HCRE Partners, LLC to Extend Expert Disclosure and Discovery Deadlines, filed at Docket No. 86 in Adversary Proceeding 21-03007 ("HCRE's Joinder", and together with HCMS's Joinder, the "Joinders," and collectively with the Motion, the "Motions") (incorporating NexPoint's Motion).

⁴ Capitalized terms used but not defined in this Preliminary Statement shall have the meanings ascribed thereto below.

businesses), and Highland's former Chief Financial Officer, testified in his deposition that NexPoint failed to make the Annual Installment payment because Mr. Dondero instructed him in December 2020 not to make *any* payments to Highland from *any* of the entities that Mr. Dondero controlled.

4. NexPoint contends that, in light of this testimony, an expert is necessary to testify regarding whether Highland violated an "affirmative duty or obligation" it owed to NexPoint under Section 6.01 of the Shared Services Agreement to effectuate the payment on behalf of NexPoint, despite Mr. Dondero's instructions to the contrary. According to NexPoint:

[T]he question becomes whether Waterhouse or the Debtor 'put their head in the sand' in violation of any affirmative duty or obligation they may have had regarding the matter, such as; to ask Dondero whether they correctly understood him; to ask Dondero whether he meant NexPoint or the Note; to inform Dondero of the potential consequences of a default by potentially accelerating a 30-year promissory note; or to try to dissuade him from his decision.

Motion \P 13.

- 5. NexPoint's Motion to extend the expert disclosure and discovery deadlines in order to retain a testifying expert on Highland's duties of care under the Shared Services Agreement is without merit.
- 6. NexPoint's suggested expert testimony is improper because it concerns "the standards and duties of care under the parties' Shared Services Agreement" and otherwise seeks to interpret that Agreement for the Court. It is black-letter law that the determination of the existence and scope of contractual and other legal duties are improper subjects of expert opinion because they constitute legal conclusions that fall within the exclusive province of the Court.
- 7. Even if that were not the case (and it is), NexPoint fails to satisfy its burden of demonstrating "good cause" to modify the Scheduling Order under Rule 16(b) for three independent reasons. *First*, as set forth below, the Motion is untimely. *Second*, the suggested expert testimony is irrelevant because it would not assist a factfinder in determining any technical

or complex issues in this case. By its plain terms, the Shared Services Agreement does not impose an affirmative duty on—or even authorize—Highland to effectuate payments on behalf of NexPoint without authorization from a NexPoint Representative. NexPoint's reliance on Section 6.01 as the source of Highland's alleged duties is thus misguided, as that provision applies only to duties specifically set forth under the Agreement.⁵ *Finally*, allowance of the expert testimony at this late juncture would substantially prejudice Highland, with such prejudice being exacerbated (and not cured) by a continuance. If the Motion is granted, Highland will be forced to expend significant resources addressing NexPoint's latest theories of its defense, including through additional discovery and motion practice. It will also cause a further delay of the trial on the merits, thereby impeding Highland's ultimate recovery under the Note, all at the expense of Highland's creditors.

- 8. Separately, as ill-conceived as the Motion is, the Joinders raise considerable questions of good faith, because neither Highland Management Services, Inc. ("HCMS") nor HCRE Partners, LLC ("HCRE") even alleges that it is a party to a shared services agreement (let alone the Shared Services Agreement submitted with the Motion), nor can it. The Motion seeks to "designate a testifying expert on the standards and duties of care under the parties' Shared Services Agreement," but the Joinders offer no explanation for why such expert testimony would have any relevance to them since they are not parties to *any* shared services agreement.
- 9. For the reasons set forth herein, Highland respectfully requests that the Court deny the Motion in all respects.

3

⁵ NexPoint offers no explanation for why Highland's alleged obligations under the Shared Services Agreement supersede Mr. Waterhouse's fiduciary duties to NexPoint. If anyone had a duty to ask Mr. Dondero "Are you sure?" or "Do you know what you're doing" (an absurd concept on its own), it was surely Mr. Waterhouse—not in his capacity as a Highland employee—but in his capacity as an officer of, and a fiduciary to, NexPoint.

II. STATEMENT OF FACTS

A. The Note

- 10. On May 31, 2017, James Dondero ("Mr. Dondero") signed a 30-year term note on behalf of NexPoint and in favor of Highland (the "Note"). Morris Dec.⁶ Exhibit 1.
- 11. The Note consolidated NexPoint's obligations under five Prior Notes (as that term is defined in the Note) and was for an original principal amount of \$30,746,812.33. *See* Morris Dec. Exhibit 1, Ex. A. Highland received no consideration for consolidating the five demand notes into a single 30-year term note.
- 12. NexPoint and Mr. Dondero knew that NexPoint was required to pay Highland in Annual Installments, because it was spelled out plainly in the Note:
 - 2.1 <u>Annual Payment Dates</u>. During the term of this Note, [NexPoint] shall pay the outstanding principal amount of the Note (and all unpaid accrued interest through the date of each payment) in thirty (30) equal annual payments (the "Annual Installments") until the Note is paid in full. [NexPoint] shall pay the Annual Installment on the 31st day of December of each calendar year during the term of this Note, commencing on the first such date to occur after the date of execution of this Note.

Morris Dec. Exhibit 1 § 2.1 (emphasis added).

- 13. NexPoint and Mr. Dondero also knew the consequences of failing to timely make the required Annual Installment payments, because they were also spelled out plainly in the Note:
 - 4. Acceleration Upon Default. Failure to pay this Note or any installment hereunder as it becomes due shall, at the election of the holder hereof [i.e., Highland], without notice, demand presentment, notice of intent to accelerate, notice of acceleration, or any other notice of any kind which are hereby waived, mature the principal of this Note and all interest then accrued, if any, and the same shall at once become due and payable and subject to those remedies of the holder hereof [i.e., Highland].

Id. § 4 (emphases added).

⁶ References to "Morris Dec. __" are to the *Declaration of John Morris in Support of Objection to Motion of Defendant NexPoint Advisors, L.P. to Extend Expert Disclosures and Discovery Deadlines* being filed concurrently herewith.

- 14. Finally, Mr. Dondero expressly agreed on behalf of NexPoint to waive any notice of default or acceleration:
 - 5. <u>Waiver</u>. [NexPoint] hereby waives grace, demand, presentment for payment, notice of nonpayment, protest, notice of protest, notice of intent to accelerate, notice of acceleration, and all other notices of any kind hereunder.

Id. § 5.

15. Thus, based on the plain terms of the Note executed by Mr. Dondero on NexPoint's behalf at a time when Mr. Dondero indisputably controlled both entities, NexPoint agreed (a) to make Annual Installment payments to Highland on December 31 of each year; (b) that Highland would have the unilateral right upon a default to accelerate all unpaid principal and interest due under the Note without notice or demand; and (c) to waive, among other things, a grace period, notice of nonpayment, notice of intent to accelerate, and "all other notices of any kind hereunder."

B. NexPoint Defaults under the Note and Highland Sues to Collect

- 16. NexPoint does not dispute that it failed to make the Annual Installment payment due under the Note on December 31, 2020 in the amount of \$1,406,111.92.
- 17. By letter dated January 7, 2021, in an exercise of its unambiguous and unconditional rights under the Note, Highland demanded that NexPoint immediately pay all unpaid principal and interest then due under the Note (the "<u>Demand Letter</u>"). Morris Dec. Exhibit 2. The Demand Letter stated:

Because of Maker's failure to pay, the Note is in default. Pursuant to Section 4 of the Note, all principal, interest, and any other amounts due on the Note are immediately due and payable. The amount due and payable on the Note as of January 8, 2021 is \$24,471,804.98; however, interest continues to accrue under the Note.

The Note is in default, and payment is due immediately.

Id.

18. On January 22, 2021, after NexPoint failed to meet its obligations under the Note, Highland commenced this Adversary Proceeding. [AP Docket No. 1].

C. NexPoint Blames Highland for Its Default

- 19. On March 1, 2021, NexPoint filed its *Original Answer* asserting, among other things, that "[p]ursuant to that certain Shared Services Agreement, [Highland] was responsible for making payments on behalf of [NexPoint] under the note" such that any "alleged default" was caused by Highland's own negligence and breach of contract (the "Original Defense"). *Defendant's Original Answer* [AP Docket No. 6] (the "Original Answer") ¶¶ 39-41.
- 20. On August 9, 2021, NexPoint filed its *First Amended Answer*, which did not substantively alter its Original Defense. [AP Docket No. 50] (the "Amended Answer") ¶¶ 39-41.
- 21. On September 1, 2021, after Highland amended its Complaint, NexPoint filed its *Answer to Amended Complaint* [AP Docket No. 64] (the "Final Answer"). The Final Answer did not substantively alter NexPoint's Original Defense. *See id.* ¶¶ 80-82.
- 22. Thus, at all times prior to filing the Motion, NexPoint contended that its failure to timely make the Annual Installment due on December 31, 2020 was caused by Highland's own alleged negligence and breach of the Shared Services Agreement.

D. The Court Enters the Scheduling Order

- 23. On September 6, 2021, the Court entered the *Order Approving Stipulation and Agreed Order Governing Discovery and Other Pre-Trial Issues* [AP Docket No. 70] (the "Scheduling Order").
- 24. The Scheduling Order provides, in pertinent part, that "expert designations and disclosures of all opinions, and the bases therefor, will be made by October 29, 2021, and experts will be deposed between October 29, 2021 and November 8, 2021." Scheduling Order ¶ 3.

E. Mr. Waterhouse Testifies that Mr. Dondero Instructed Him Not to Make Any Payments to Highland

- 25. In December 2020, Frank Waterhouse ("Mr. Waterhouse") wore multiple hats that Mr. Dondero gave to him, including: (a) Chief Financial Officer of Highland; (b) Treasurer of NexPoint; (c) Treasurer of HCMS; (d) Treasurer of Highland Capital Management Fund Advisors, L.P. ("HCMFA", and together with NexPoint, the "Advisors"); and (e) Principal Executive Officer of certain funds managed by the Advisors. *See* Morris Dec. Exhibit 3 at 24:2-25; 35:8-22; 120:7-12; 327:3-8.
- Annual Installment payment due on December 31, 2020 because Mr. Dondero had instructed him in December 2020 not to cause any payments to be made to Highland. Mr. Waterhouse also testified that he never followed up with Mr. Dondero or reminded him that the payment was coming due at the end of the month. *See* Morris Dec. Exhibit 3 at 390:4-392:17.
- 27. Mr. Dondero testified that he was unaware of anyone ever instructing or authorizing Highland to make the Annual Installment payment due under the Note on NexPoint's behalf. Morris Dec. Exhibit 4 at 462:16-463:9. Mr. Waterhouse concurred and confirmed that Highland's employees were not authorized to make the Annual Installment payment due at the end of the year without prior approval:
 - Q: Do you know if anybody ever instructed Highland's employees to make the payment that was due by NexPoint at the end of the year?
 - A: Did anyone instruct Highland's employees to make that payment?
 - Q: Correct.
 - A: Anyone not that I'm aware.
 - Q: ... [Were] any of Highland's employees authorized to effectuate the payment on behalf of NexPoint that was due at the end of the year without getting approval from either you or Mr. Dondero?

A: They had the – they had the ability to make the payment, but they didn't – you know, that – that payment needed to be approved.

Morris Dec. Exhibit 3 at 381:21-382:16.

F. <u>Highland's Obligations under the Shared Services Agreement Were</u> Limited to Those "Specifically" Identified Therein

- 28. NexPoint and Highland entered into that certain *Amended and Restated Shared*Services Agreement effective as of January 1, 2018 (the "SSA"). Rukavina Dec., Exhibit A.⁷
- 29. Article II of the SSA required Highland to provide "assistance and advice" with respect to certain specified services. Highland is unaware of any provision in the SSA—and NexPoint cites to none—that authorized Highland to control NexPoint's bank accounts or required Highland to effectuate payments on behalf of NexPoint without receiving instruction or direction from an authorized representative of NexPoint.
- 30. In fact, Article II of the SSA expressly provided that "for the avoidance of doubt . . . [Highland] shall *not* provide any advice to [NexPoint] or perform any duties on behalf of [NexPoint], other than the back- and middle office services contemplated herein, with respect to (a) the general management of [NexPoint], its business or activities" SSA at § 2.02 (emphasis added).
- 31. To emphasize the point further, the SSA expressly curtailed Highland's authority to act on NexPoint's behalf:

Section 2.06 <u>Authority</u>. [Highland's] scope of assistance and advice hereunder is *limited to the services specifically provided for in this Agreement. [Highland]* shall not assume or be deemed to assume any rights or obligations of [NexPoint] under any other document or agreement to which NexPoint is a party. . . . [Highland] shall not have any duties or obligations to [NexPoint] unless those duties and obligations are specifically provided for in this Agreement (or in any amendment, modification or novation hereto or hereof to which [NexPoint] is a party.

⁷ References to "Rukavina Dec. __" are to the *Declaration of Davor Rukavina* [AP Docket No. 86-1] attached to the Motion.

Id. § 2.06 (emphasis added).

32. There can be no credible dispute that (a) the Note is a "document or agreement to which NexPoint is a party," and that (b) the making of the Annual Installment payments were "obligations of" NexPoint under the Note.

G. The Instant Motion

33. Apparently stunned by Mr. Waterhouse's testimony, NexPoint now seeks to extend the expert disclosure and discovery deadlines set forth in the Scheduling Order so it can obtain expert testimony regarding Highland's legal duties under Section 6.01 of the Shared Services Agreement. Specifically, NexPoint proposes to retain an expert to testify "on the standards and duties of care under the parties' Shared Services Agreement . . . with respect to Highland's role in NexPoint's alleged failure to make a December 21, 2020 payment on the Note (defined below); specifically, that Highland was responsible for ensuring that NexPoint made this payment." Motion ¶ 1.

III. <u>ARGUMENT</u>

A. NexPoint's Suggested "Expert Testimony" Is Improper as a Matter of Law

- 34. NexPoint's suggested expert testimony is improper as a matter of law because it amounts to a legal conclusion.
- 35. A party may not offer an expert opinion on the scope of a party's "legal duty" because such testimony amounts to a legal conclusion. *See Panhandle Adver., LLC v. United Rentals Realty, LLC*, 2:19-CV-189-Z-BR, 2021 WL 1112901, at *5 (N.D. Tex. Feb. 12, 2021); *Flax v. Quitman County Hosp., LLC*, 2:09-CV-101-M-D, 2011 WL 3585870, at *5 (N.D. Miss. Aug. 16, 2011).
- 36. NexPoint's suggested expert testimony relates to Highland's "duties of care under the parties' [SSA]" and, specifically, whether "Highland was responsible" under the SSA for

"ensuring that NexPoint made" its Annual Installment payment under its Note. Motion ¶¶ 1, 18. This is precisely the type of expert testimony that courts preclude because it constitutes a legal conclusion. *See Panhandle*, 2021 WL 1112901 at *5 (granting plaintiff's motion to exclude expert testimony "as to his opinions regarding the legal duties Defendant owed Plaintiff under the lease at issue" because "opinions on the duties owed by the defendants and whether they fulfilled those duties were legal conclusions and not the proper subject for expert testimony"); *Flax*, 2011 WL 3585870 at *5 (prohibiting expert testimony "on the issue of *law* of whether a duty of care was owed") (emphasis in original); *Hanspard v. Otis Elevator Co.*, CIV.A. 05-1292, 2007 WL 839994, at *2 (W.D. La. Jan. 12, 2007) (granting plaintiff's motion *in limine* to exclude expert testimony where "an opinion as to the scope of [party's] contractual duties" constitutes a legal conclusion); *Taylor Pipeline Const., Inc. v. Directional Rd. Boring, Inc.*, 438 F. Supp. 2d 696, 706 (E.D. Tex. 2006) (finding expert testimony improper where it "opines as to the duties" owed by parties because "they amount to conclusions of law").

- 37. The question of whether Highland owed or breached any legal duties is an issue for the trier of fact to decide. *See Askanase v. Fatjo*, 130 F.3d 657, 673 (5th Cir. 1997) (affirming lower court's preclusion of expert testimony regarding whether officers and directors "fulfilled their fiduciary duties to the Company ... is a legal opinion and inadmissible. Whether the officers and directors breached their fiduciary duties is an issue for the trier of fact to decide. It is not for [the expert] to tell the trier of fact what to decide").
- 38. Accordingly, NexPoint's suggested expert testimony on Highland's duties under the SSA is improper as a matter of law, and the Motion should be denied on this basis alone.

B. NexPoint Fails to Establish that Good Cause Exists to Modify the Scheduling Order

39. NexPoint fails to satisfy its burden of demonstrating good cause to modify the Scheduling Order.

- 40. Under Rule 16(b) of the Federal Rules of Civil Procedure, a scheduling order may be modified only for "good cause." FED. R. CIV. P. 16(b)(4). Courts consider four factors in determining whether "good cause" is shown: "(1) the explanation for the failure to identify the witness; (2) the importance of the testimony; (3) potential prejudice in allowing the testimony; and (4) the availability of a continuance to cure such prejudice." *Geiserman v. MacDonald*, 893 F.2d 787, 791 (5th Cir.1990). These are the same four factors used to determine whether to exclude expert testimony under Rule 37(c)(1) of the Federal Rules of Civil Procedure. *See Grand Time Corp. v. Watch Factory, Inc.*, 3:08-CV-1770-K, 2009 WL 10678210, at *2 (N.D. Tex. Nov. 18, 2009). Ultimately, "the good cause standard requires the 'party seeking relief to show that the deadlines [could not] reasonably [have been] met despite the diligence of the party needing the extension." *Binh Hoa Le v. Exeter Fin. Corp.*, 3:15-CV-3839-L, 2019 WL 1436375, at *14 (N.D. Tex. Mar. 31, 2019) (quoting *S&W Enters., L.L.C. v. SouthTrust Bank of Ala., NA*, 315 F.3d 533, 535 (5th Cir. 2003)).
- 41. "Under Rule 16(b), the movant has the burden of showing good cause to modify a scheduling order." *Grand Time*, 2009 WL 10678210 at *3. Whether to modify a scheduling order is within the court's broad discretion. *See Geiserman*, 893 F.2d at 790 ("[O]ur court gives the trial court broad discretion to preserve the integrity and purpose of the pretrial order") (internal quotations omitted); *Reliance Ins. Co. v. La. Land & Expl. Co.*, 110 F.3d 253, 257 (5th Cir. 1997). Moreover, "a trial court's decision to exclude evidence as a means of enforcing a pretrial order must not be disturbed absent a clear abuse of discretion." *Geiserman*, 893 F.2d at 790.
- 42. Each of the four factors weighs in favor of denying modification of the Scheduling Order.

1. NexPoint's Explanation for Failing to Timely Designate an Expert Is Deficient

- NexPoint's explanation for its failure to timely designate an expert is disingenuous. NexPoint contends that, *inter alia*, its failure to previously designate an expert was "due solely to not having the benefit of Waterhouse's and Seery's recent deposition testimony," and that expert testimony is now "necessitated by Waterhouse's testimony and not any prior action or inaction of NexPoint Motion." Motion ¶21. NexPoint seeks to modify the Scheduling Order simply because the deposition of one of its witnesses did not go well. This is plainly improper under Rule 16(b). *See Reliance*, 110 F.3d at 257 (affirming lower court's denial of party's request to supplement expert report where "[movant] asked for an opportunity to avoid the deadline for its expert report merely because the deposition of its expert witness did not go well," noting that "[d]istrict judges have the power to control their dockets by refusing to give ineffective litigants a second chance to develop their case").
- 44. Moreover, NexPoint filed its Original Answer nine (9) months ago and its Original Defense was expressly based on the SSA. [AP Docket No. 6 ¶¶ 39-41]. Given the testimony of Mr. Dondero (which could not have been unexpected) and Mr. Waterhouse that NexPoint never authorized or instructed Highland to make the Annual Installment payment due on December 31, 2020, see Section II.E, supra, NexPoint has always had the burden of proving that Highland owed a duty under the SSA, yet it never offered expert opinions on the topic. If NexPoint wanted to offer "expert testimony" concerning Highland's duties under the SSA, it had nine months to do so, and Mr. Waterhouse's testimony, expected or not, does nothing to change that. See Geiserman, 893 F.2d at 792 (finding party failed to provide a "valid reason that would justify excusing him from the deadlines imposed by the lower court," noting "[t]he claimed importance of expert testimony underscores the need for [party] to have timely designated his expert witness," and "[t]he importance of such proposed testimony cannot singularly override the enforcement of local rules

and scheduling orders"). NexPoint's conclusory statements regarding the need for expert testimony are insufficient under Rule 16(b). *See Binh Hoa*, 2019 WL 1436375 at *20 (finding "vague and conclusory statements regarding the need for additional information or facts do not adequately explain [party's] failure to meet the expert deadline in the Scheduling Order").

45. Accordingly, the first factor strongly favors denial of the Motion.

2. NexPoint's Suggested "Expert" Testimony Is Irrelevant

- 46. The second factor—the importance of the suggested expert testimony— weighs heavily in favor of denying modification of the Scheduling Order.
- 47. In addition to being improper, the suggested expert testimony is also irrelevant. To be relevant, "expert testimony [must] 'assist the trier of fact to understand the evidence or to determine a fact in issue." *Charalambopoulos v. Grammer*, 3:14-CV-2424-D, 2017 WL 930819, at *9 (N.D. Tex. Mar. 8, 2017) (quoting *Pipitone v. Biomatrix, Inc.*, 288 F.3d 239, 245 (5th Cir. 2002)).
- 48. NexPoint contends that its suggested expert testimony is "important because the duties of care as specified in the [SSA] are terms of art necessitating an expert analysis." Motion ¶ 21. NexPoint's reliance on Section 6.01 in support of its Motion is misplaced.
- 49. By its express terms, Section 6.01 does not impose a duty on Highland to make or effectuate Annual Installment payments on NexPoint's behalf without authorization from a representative of NexPoint. Rather, Section 6.01 sets forth a "standard of care" that applies *only* with respect to the discharge of "duties under this Agreement." In fact, to remove all doubt, the

⁸ Notably, and notwithstanding the "standard of care" set forth in Section 6.01, the SSA provides Highland with considerable exculpation and indemnification protections that alone defeat NexPoint's Original Defense. For example, NexPoint agreed not to hold Highland liable for any acts or omissions unless it is determined by a court of competent jurisdiction to "be the result of gross negligence or to constitute fraud or willful misconduct." Rukavina Dec., Exhibit A § 6.02. NexPoint also agreed to indemnify Highland "from and against any and all claims and causes of action" for, among other things, "negligence." *Id.* § 6.03.

SSA emphasizes multiple times that Highland had *no* duties or obligations except with respect to those "specifically" identified therein. *See* Rukavina Dec., Exhibit A §§ 2.02, 2.06. NexPoint does not and cannot identify any provision in the SSA that imposes a duty on Highland to make Annual Installment payments on NexPoint's behalf without direction from an authorized NexPoint representative. *See* Original Answer ¶¶ 39-41 (no SSA provision cited); Amended Answer ¶¶ 39-41 (no SSA provision cited); Final Answer ¶¶ 80-82 (no SSA provision cited); Motion, generally (citing only to Section 6.01).

- 50. Thus, based on the plain terms of the SSA and NexPoint's own pleadings, expert testimony regarding Highland's alleged "duties" is irrelevant. *See Geiserman*, 893 F.2d at 791 (affirming lower court's refusal to modify scheduling order, noting that expert testimony "is not critical" if the issue at hand is "obvious to a layperson or established as a matter of law"); *Rolls-Royce Corp. v. Heros, Inc.*, CIV.A. 307-CV-0739-D, 2010 WL 184313, at *6 (N.D. Tex. Jan. 14, 2010) ("Testimony is irrelevant [] when an expert offers a conclusion based on assumptions unsupported by the facts of the case").
- 51. Moreover, the suggested expert testimony will not help the factfinder understand a complex fact in issue. Contrary to NexPoint's representations, this Adversary Proceeding does not involve complicated or technical issues. The issues in this Adversary proceeding are whether NexPoint defaulted on its Note and whether NexPoint can prove that Highland's alleged "negligence" or "breach of contract" caused such default. Final Answer ¶ 80-82. These issues are well within a fact-finder's understanding and are not the type which would necessitate an expert. *See Nola Ventures, LLC v. Upshaw Ins. Agency, Inc.*, CV 12-1026, 2014 WL 12721924, at *10 (E.D. La. Nov. 7, 2014), *on reconsideration*, CIV.A. 12-1026, 2014 WL 6090584 (E.D. La. Nov. 13, 2014) (excluding expert testimony where, "[d]espite Plaintiffs' arguments to the contrary, this case is not about the complicated inner workings of the insurance industry. It is about whether

an insurance agent misrepresented the type of coverage that Plaintiffs believed they were purchasing, and whether Defendants owed a heightened duty of care to Plaintiffs. Nothing in [expert's] report or proposed testimony will help the jury to understand a fact in issue that is not within the common understanding of a lay juror"); *Henderson v. Atmos Energy*, 496 F. Supp. 3d 1011, 1017 (E.D. La. 2020) (excluding expert testimony as irrelevant and unnecessary where "it is one based in common sense").

- 52. At all relevant times, Mr. Waterhouse was an officer and a fiduciary of NexPoint, serving as its Treasurer. If anyone had an obligation to ask Mr. Dondero if he wanted to reconsider his instructions, it was Mr. Waterhouse in the first instance—not in his capacity as an employee of Highland, but as an officer and fiduciary of the obligor, NexPoint. Whether Mr. Dondero or Mr. Waterhouse is telling the truth is an interesting issue, but the Court need not resolve their dispute because it would only be relevant if the SSA imposed a duty on Highland to effectuate the Annual Installment payment without ever receiving any direction or instruction from a duly authorized representative of NexPoint. And, as Mr. Waterhouse testified, the SSA imposes no such duty.
- 53. Accordingly, the suggested expert testimony is irrelevant, and the Motion should be denied on this basis.

3. Allowing the Testimony Would Prejudice Highland

- 54. The third and fourth factors also weigh in favor of denying the Motion.
- 55. Allowing the suggested expert testimony would prejudice Highland because Highland would need to expend additional resources responding to NexPoint's latest theory of its defense by way of: (i) retaining a rebuttal expert; (ii) deposing NexPoint's expert; or (iii) moving to strike the expert testimony. *See Geiserman*, 893 F.2d at 791 (affirming lower court's striking of untimely witness designation and preclusion of expert testimony where delay of "a couple

weeks in designating the expert witness" would have "disrupted the court's discovery scheduling and the opponent's preparation," and resulted in "expense that would result from an extended discovery schedule for [movant's] failure to adhere to deadlines," noting that "the trial court has latitude to control discovery abuses and cure prejudice by excluding improperly designated evidence"); *Binh Hoa*, 2019 WL 1436375 at *20 ("It would [] be patently unfair to allow Plaintiff to supplement and amend his expert report this late in the case without: (1) allowing Defendants to amend their expert designations and provide an expert report to address the matters in Plaintiff's amended and supplemental expert reports, (2) giving Defendants an opportunity to depose Plaintiff's expert regarding his most recent opinion . . . ").

56. A continuance would not cure this prejudice because the trial on the merits of the underlying action would be unnecessarily delayed. This would ultimately delay Highland's potential recovery under the Note and distributions to creditors under Highland's Plan. See S&W Enters., 315 F.3d at 537 (affirming lower court's denial of untimely submission of expert report where defendant would be forced to conduct additional discovery in response to movant's new materials, noting that "while a continuance could be granted for additional discovery . . . a continuance would unnecessarily delay the trial"); Reliance, 110 F.3d at 257-58 (affirming lower court's denial to modify scheduling order to add expert testimony where court found "[t]o allow plaintiff to add more material now and create essentially a new report would prejudice the defendants, who would then have to get an expert to address these last-minute conclusions, and thus disrupt the trial date in this case") (internal quotations omitted); Geiserman, 893 F.2d at 791 (finding that while attorney "could have conducted new discovery and redeposed witnesses under a continuance in response to the untimely designation, this would have resulted in additional delay and increased the expense of defending the lawsuit"); Binh Hoa, 2019 WL 1436375 at *20 ("Ordering another continuance would only serve to reward Plaintiff for his dilatory conduct and

failure to comply with court-ordered deadlines and this district's Local Civil Rules and result in additional delay and expense. Regardless, it is not incumbent on the court to award litigants for failing to develop their cases"). A simple collection action like the Adversary Proceeding should not be continually extended simply because the defendant is unsatisfied with its defenses and the evidence adduced in discovery.

57. For these additional reasons, NexPoint fails to demonstrate good cause to excuse it from the deadlines set forth in the Scheduling Order. Accordingly, the Motion should be denied.

C. <u>HCRE's and HCMS's Joinders Have Even Less Merit than the Motion and Should Be Denied</u>

58. The Joinders are even more frivolous than the Motion. In addition to the reasons set forth above, neither HCMS nor HCRE was ever a party to any shared services agreement with Highland, let alone the SSA that is the foundation of the Motion. Accordingly, the Joinders are without merit and should be summarily denied by the Court.

CONCLUSION

For the foregoing reasons, Highland respectfully requests that the Court (i) deny the Motions and (ii) grant such other and further relief as the Court deems just and proper.

Dated: December 1, 2021. PACHULSKI STANG ZIEHL & JONES LLP

Jeffrey N. Pomerantz (CA Bar No. 143717) John A. Morris (NY Bar No. 2405397) Gregory V. Demo (NY Bar No. 5371992) Hayley R. Winograd (NY Bar No. 5612569) 10100 Santa Monica Blvd., 13th Floor

Los Angeles, CA 90067 Telephone: (310) 277-6910 Facsimile: (310) 201-0760

E-mail: jpomerantz@pszjlaw.com

jmorris@pszjlaw.com gdemo@pszjlaw.com hwinograd@pszjlaw.com

-and-

HAYWARD PLLC

/s/ Zachery Z. Annable

Melissa S. Hayward (Texas Bar No. 24044908) Zachery Z. Annable (Texas Bar No. 24053075)

10501 N. Central Expy, Ste. 106

Dallas, Texas 75231

Telephone: (972) 755-7100 Facsimile: (972) 755-7110

E-mail: MHayward@HaywardFirm.com

ZAnnable@HaywardFirm.com

Counsel for Highland Capital Management, L.P.

PACHULSKI STANG ZIEHL & JONES LLP

Jeffrey N. Pomerantz (CA Bar No. 143717) (admitted pro hac vice) John A. Morris (NY Bar No. 2405397) (admitted pro hac vice) Gregory V. Demo (NY Bar No. 5371992) (admitted pro hac vice) Hayley R. Winograd (NY Bar No. 5612569) (admitted pro hac vice) 10100 Santa Monica Blvd., 13th Floor Los Angeles, CA 90067

Telephone: (310) 277-6910 Facsimile: (310) 201-0760

HAYWARD PLLC

Melissa S. Hayward (Texas Bar No. 24044908) Zachery Z. Annable (Texas Bar No. 24053075) 10501 N. Central Expy, Ste. 106

Dallas, Texas 75231 Telephone: (972) 755-7100 Facsimile: (972) 755-7110

Counsel for Highland Capital Management, L.P.

IN THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF TEXAS DALLAS DIVISION

In re:	§ 8 Chapter 11
HIGHLAND CAPITAL MANAGEMENT, L.P.,1	\$ Case No. 19-34054-sgj11
Reorganized Debtor.	§ .
HIGHLAND CAPITAL MANAGEMENT, L.P.,	§ §
Plaintiff,	§ Adversary Proceeding No.
VS.	§ 21-03005-sgj
NEXPOINT ADVISORS, L.P., JAMES	§ 8
DONDERO, NANCY DONDERO AND THE	§
DUGABOY INVESTMENT TRUST,	§ .
Defendants.	§
HIGHLAND CAPITAL MANAGEMENT, L.P.,	§
Plaintiff,	§ Adversary Proceeding No.
VS.	§ § 21-03006-sgj
	§ = ==================================

¹ The Reorganized Debtor's last four digits of its taxpayer identification number are (6725). The headquarters and service address for the above-captioned Reorganized Debtor is 100 Crescent Court, Suite 1850, Dallas, TX 75201.

DOCS_NY:44610.1 36027/003

HIGHLAND CAPITAL MANAGEMENT	§	
SERVICES, INC., JAMES DONDERO, NANCY	§	
DONDERO, AND THE DUGABOY	§	
INVESTMENT TRUST,	§	
	§	
Defendants.	§	
HIGHLAND CAPITAL MANAGEMENT, L.P.,	§	
	§	
Plaintiff,	§	Adversary Proceeding No.
	§	
VS.	§	21-03007-sgj
	§	
HCRE PARTNERS, LLC (N/K/A NEXPOINT	§	
REAL ESTATE PARTNERS, LLC), JAMES	§	
DONDERO, NANCY DONDERO, AND THE	§	
DUGABOY INVESTMENT TRUST,	§	
	§	
Defendants.	§	

DECLARATION OF JOHN A. MORRIS IN SUPPORT OF HIGHLAND'S OBJECTION TO MOTION OF DEFENDANT NEXPOINT ADVISORS, L.P. TO EXTEND EXPERT DISCLOSURE AND DISCOVERY DEADLINES

I, John A. Morris, pursuant to 28 U.S.C. § 1746(a) and under penalty of perjury, declare as follows:

- 1. I am an attorney in the law firm of Pachulski, Stang, Ziehl & Jones LLP, counsel to the above-referenced Reorganized Debtor, and I submit this Declaration in support of Highland's Objection to Motion of Defendant NexPoint Advisors, L.P. to Extend Expert Disclosure and Discovery Deadlines (the "Objection") being filed concurrently with this Declaration. I submit this Declaration based on my personal knowledge and review of the documents listed below.
- 2. Attached as **Exhibit 1** is a true and correct copy of a 30-year term note on behalf of NexPoint Advisors, L.P. and in favor of Highland Capital Management, L.P. for an original principal amount of \$30,746,812.33, dated May 31, 2017.

- 3. Attached as **Exhibit 2** is a true and correct copy of a Demand Letter dated January 7, 2021.
- 4. Attached as **Exhibit 3** is a true and correct copy of the October 19, 2021 deposition transcript of Frank Waterhouse.
- 5. Attached as **Exhibit 4** is a true and correct copy of the October 29, 2021 deposition transcript of James Dondero.

Dated: December 1, 2021.	/s/ John A. Morris
	John A. Morris

EXHIBIT 1

PROMISSORY NOTE

\$30,746,812.33 May 31, 2017

THIS PROMISSORY NOTE (this "Note") is in substitution for and supersedes in their entirety each of those certain promissory notes described in Exhibit A hereto, from NexPoint Advisors, L.P., as Maker, and Highland Capital Management, L.P. as Payee (collectively, the "Prior Notes"), together with the aggregate outstanding principal and accrued and unpaid interested represented thereby.

FOR VALUE RECEIVED, NEXPOINT ADVISORS, L.P. ("Maker") promises to pay to the order of HIGHLAND CAPITAL MANAGEMENT, L.P. ("Payee"), in legal and lawful tender of the United States of America, the principal sum of THIRTY MILLION, SEVEN HUNDRED FORTY SIX THOUSAND, EIGHT HUNDRED TWELVE AND 33/100 DOLLARS (\$30,746,812.33), together with interest, on the terms set forth below. All sums hereunder are payable to Payee at 300 Crescent Court, Suite 700, Dallas, Texas 75201, or such other address as Payee may specify to Maker in writing from time to time.

- 1. <u>Interest Rate</u>. The unpaid principal balance of this Note from time to time outstanding shall bear interest at the rate of six percent (6.00%) per annum from the date hereof until Maturity Date (hereinafter defined), compounded annually on the anniversary of the date of this Note. Interest shall be calculated at a daily rate equal to 1/365th (1/366 in a leap year) of the rate per annum, shall be charged and collected on the actual number of days elapsed, and shall be payable annually.
- 2. <u>Payment of Principal and Interest</u>. Principal and interest under this Note shall be payable as follows:
 - 2.1 <u>Annual Payment Dates</u>. During the term of this Note, Borrower shall pay the outstanding principal amount of the Note (and all unpaid accrued interest through the date of each such payment) in thirty (30) equal annual payments (the "<u>Annual Installment</u>") until the Note is paid in full. Borrower shall pay the Annual Installment on the 31st day of December of each calendar year during the term of this Note, commencing on the first such date to occur after the date of execution of this Note.
 - 2.2 <u>Final Payment Date</u>. The final payment in the aggregate amount of the then outstanding and unpaid Note, together with all accrued and unpaid interest thereon, shall become immediately due and payable in full on December 31, 2047 (the "<u>Maturity Date</u>").
- 3. <u>Prepayment Allowed; Renegotiation Discretionary</u>. Maker may prepay in whole or in part the unpaid principal or accrued interest of this Note. Any payments on this Note shall be applied first to unpaid accrued interest hereon, and then to unpaid principal hereof.
- 4. <u>Acceleration Upon Default</u>. Failure to pay this Note or any installment hereunder as it becomes due shall, at the election of the holder hereof, without notice, demand, presentment, notice of intent to accelerate, notice of acceleration, or any other notice of any kind which are hereby waived, mature the principal of this Note and all interest then accrued, if any, and the same

shall at once become due and payable and subject to those remedies of the holder hereof. No failure or delay on the part of Payee in exercising any right, power or privilege hereunder shall operate as a waiver thereof.

- Waiver. Maker hereby waives grace, demand, presentment for payment, notice of 5. nonpayment, protest, notice of protest, notice of intent to accelerate, notice of acceleration and all other notices of any kind hereunder.
- Attorneys' Fees. If this Note is not paid at maturity (whether by acceleration or otherwise) and is placed in the hands of an attorney for collection, or if it is collected through a bankruptcy court or any other court after maturity, the Maker shall pay, in addition to all other amounts owing hereunder, all actual expenses of collection, all court costs and reasonable attorneys' fees and expenses incurred by the holder hereof.
- Limitation on Agreements. All agreements between Maker and Payee, whether 7. now existing or hereafter arising, are hereby limited so that in no event shall the amount paid, or agreed to be paid to Payee for the use, forbearance, or detention of money or for the payment or performance of any covenant or obligation contained herein or in any other document evidencing, securing or pertaining to this Note, exceed the maximum interest rate allowed by law. The terms and provisions of this paragraph shall control and supersede every other provision of all agreements between Payee and Maker in conflict herewith.
- Governing Law. This Note and the rights and obligations of the parties hereunder shall be governed by the laws of the United States of America and by the laws of the State of Texas, and is performable in Dallas County, Texas.
- 9. Prior Notes. The original of each of the Prior Notes superseded hereby shall be marked "VOID" by Payee.

MAKER:

NEXPOINT ADVISORS, L.P.

By: NexPoint Advisors GP, LLC, its general partner

By: Name:

Title:

EXHIBIT A

PRIOR NOTES

Loan Date	Initial Note Amount	Interest Rate	Principal and Interest Outstanding as of May 31, 2017	
8/21/14	\$4,000,000	6.00%	\$4,616,739.73	
10/1/14	\$6,000,000	6.00%	\$6,959,671.23	
11/14/14	\$2,500,000	6.00%	\$2,881,780.82	
1/29/15	\$3,100,000	6.00%	\$3,534,679.45	
7/22/15	\$12,075,000	6.00%	\$12,753,941.10	
	\$27,675,000		\$30,746,812.33	

EXHIBIT 2

CaSes24.203006055g;50jo0dc480567211Eide0d.1025020221EnEenteede0d.102502022181148447342Pageg5e712 of 899

HIGHLAND CAPITAL MANAGEMENT, L.P.

January 7, 2021

NexPoint Advisors, L.P. 300 Crescent Court, Suite 700 Dallas, Texas 75201 Attention: James Dondero

Re: Demand on Promissory Note

Dear Mr. Dondero,

On May 31, 2017, NexPoint Advisors, L.P, entered into that certain promissory note in the original principal amount of \$30,746,812.33 (the "Note") in favor of Highland Capital Management, L.P. ("Payee").

As set forth in Section 2 of the Note, accrued interest and principal on the Note is due and payable in thirty equal annual payments with each payment due on December 31 of each calendar year. Maker failed to make the payment due on December 31, 2020.

Because of Maker's failure to pay, the Note is in default. Pursuant to Section 4 of the Note, all principal, interest, and any other amounts due on the Note are immediately due and payable. The amount due and payable on the Note as of January 8, 2021 is \$24,471,804.98; however, interest continues to accrue under the Note.

The Note is in default, and payment is due <u>immediately</u>. Payments on the Note must be made in immediately available funds. Payee's wire information is attached hereto as **Appendix A**.

Nothing contained herein constitutes a waiver of any rights or remedies of Payee under the Note or otherwise and all such rights and remedies, whether at law, equity, contract, or otherwise, are expressly reserved. Interest, including default interest if applicable, on the Note will continue to accrue until the Note is paid in full. Any such interest will remain the obligation of Maker.

Sincerely,

/s/ James P. Seery, Jr.

James P. Seery, Jr. Highland Capital Management, L.P. Chief Executive Officer/Chief Restructuring Officer cc: Fred Caruso
James Romey
Jeffrey Pomerantz
Ira Kharasch
Gregory Demo
DC Sauter

Appendix A

ABA #: 322070381
Bank Name: East West Bank

Account Name: Highland Capital Management, LP

Account #: 5500014686

EXHIBIT 3

Page 1 1 **WATERHOUSE - 10-19-21** 2 IN THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF TEXAS 3 DALLAS DIVISION 4 IN RE: 5 Chapter 11 HIGHLAND CAPITAL MANAGEMENT, L.P., CASE NO. 19-34054-SGI11 7 Debtor. 8 HIGHLAND CAPITAL MANAGEMENT, L.P., 9 Plaintiff, Adversary 10 vs. Proceeding No. HIGHLAND CAPITAL MANAGEMENT 21-03000-SGI FUND ADVISORS, L.P.; NEXPOINT 12 ADVISORS, L.P.; HIGHLAND INCOME FUND: NEXPOINT 13 STRATEGIC OPPORTUNITIES FUND; NEXPOINT CAPITAL, INC.; and 14 CLO HOLDCO, LTD., 15 Defendants. 16 17 REMOTE VIDEOTAPED DEPOSITION OF FRANK WATERHOUSE 18 October 19, 2021 19 20 21 22 23 24 Reported by: Susan S. Klinger, RMR-CRR, CSR 25 Job No: 201195

$\texttt{Case} = 214060065 + \texttt{gp} \\ \texttt{Dood} = 14663 + \texttt{Held} \\ \texttt{0110061221} \\ \texttt{Elitter} = \texttt{1000061221184187432} \\ \texttt{Plage} = 536 \\ \texttt{01899} \\ \texttt{1000061899} \\ \texttt{100006189} \\ \texttt{1000061899} \\ \texttt$

l 1	Page 2			Page 3
Ι'.	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	r ago o
2		2	APPEARANCES:	
3		3	(All appearances via Zoom.)	
4	October 19, 2021	4	Attorneys for the Reorganized Highland Capital	
5	9:30 a.m.	5	Management:	
6		6	John Morris, Esq.	
7		7	Hayley Winograd, Esq.	
8		8	PACHULSKI STANG ZIEHL & JONES	
9	Remote Deposition of FRANK WATERHOUSE,	9	780 Third Avenue	
10	held before Susan S. Klinger, a Registered	10	New York, New York 10017	
11	Merit Reporter and Certified Realtime Reporter	11	Attorneys for the Witness:	
12	of the State of Texas.	12	Debra Dandeneau, Esq.	
13		13	Michelle Hartmann, Esq.	
14		14	BAKER McKENZIE	
15		15	1900 North Pearl Street	
16		16	Dallas, Texas 75201	
17		17		
18		18	Highland Capital Management Fund Advisors,	
19		19	L.P.:	
20		20	Davor Rukavina, Esq.	
21		21	An Nguyen, Esq.	
22		22	MUNSCH HARDT KOPF & HARDD	
23		23	500 North Akard Street	
24		24	Dallas, Texas 75201-6659	
25		25	,	
	Dogs 4			Dogo F
1	Page 4 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 5
2	Attorneys for Jim Dondero, Nancy Dondero, HCRA,		INDEV	
٦		2	INDEX	
3	and HCMS:	3	INDEX	
4	and HCMS:		WITNESS PAGE	
Ι.	and HCMS: Deborah Deitsch-Perez, Esq.	3		
4	and HCMS:	3 4	WITNESS PAGE	
4 5	and HCMS: Deborah Deitsch-Perez, Esq. Michael Aigen, Esq.	3 4 5	WITNESS PAGE FRANK WATERHOUSE	
4 5 6	and HCMS: Deborah Deitsch-Perez, Esq. Michael Aigen, Esq. STINSON	3 4 5 6	WITNESS PAGE FRANK WATERHOUSE EXAMINATION BY MR. MORRIS 10	
4 5 6 7	and HCMS: Deborah Deitsch-Perez, Esq. Michael Aigen, Esq. STINSON 3102 Oak Lawn Avenue	3 4 5 6 7	WITNESS PAGE FRANK WATERHOUSE EXAMINATION BY MR. MORRIS 10 EXAMINATION BY MR. RUKAVINA 256	
4 5 6 7 8	and HCMS: Deborah Deitsch-Perez, Esq. Michael Aigen, Esq. STINSON 3102 Oak Lawn Avenue Dallas, Texas 75219	3 4 5 6 7	WITNESS PAGE FRANK WATERHOUSE EXAMINATION BY MR. MORRIS 10 EXAMINATION BY MR. RUKAVINA 256 EXAMINATION BY MS. DEITSCH-PEREZ 352 EXAMINATION BY MR. MORRIS 377	
4 5 6 7 8 9	and HCMS: Deborah Deitsch-Perez, Esq. Michael Aigen, Esq. STINSON 3102 Oak Lawn Avenue Dallas, Texas 75219 Attorneys for Dugaboy Investment Trust:	3 4 5 6 7 8 9	WITNESS PAGE FRANK WATERHOUSE EXAMINATION BY MR. MORRIS 10 EXAMINATION BY MR. RUKAVINA 256 EXAMINATION BY MS. DEITSCH-PEREZ 352 EXAMINATION BY MR. MORRIS 377 EXAMINATION BY MR. RUKAVINA 387	
4 5 6 7 8 9 10 11	and HCMS: Deborah Deitsch-Perez, Esq. Michael Aigen, Esq. STINSON 3102 Oak Lawn Avenue Dallas, Texas 75219 Attorneys for Dugaboy Investment Trust: Warren Horn, Esq.	3 4 5 6 7 8 9 10	WITNESS PAGE FRANK WATERHOUSE EXAMINATION BY MR. MORRIS 10 EXAMINATION BY MR. RUKAVINA 256 EXAMINATION BY MS. DEITSCH-PEREZ 352 EXAMINATION BY MR. MORRIS 377 EXAMINATION BY MR. RUKAVINA 387	
4 5 6 7 8 9 10 11 12	and HCMS: Deborah Deitsch-Perez, Esq. Michael Aigen, Esq. STINSON 3102 Oak Lawn Avenue Dallas, Texas 75219 Attorneys for Dugaboy Investment Trust: Warren Horn, Esq. HELLER, DRAPER & HORN	3 4 5 6 7 8 9 10 11 12	WITNESS PAGE FRANK WATERHOUSE EXAMINATION BY MR. MORRIS 10 EXAMINATION BY MR. RUKAVINA 256 EXAMINATION BY MS. DEITSCH-PEREZ 352 EXAMINATION BY MR. MORRIS 377 EXAMINATION BY MR. RUKAVINA 387 EXAMINATION BY MS. DEITSCH-PEREZ 393	
4 5 6 7 8 9 10 11 12 13	and HCMS: Deborah Deitsch-Perez, Esq. Michael Aigen, Esq. STINSON 3102 Oak Lawn Avenue Dallas, Texas 75219 Attorneys for Dugaboy Investment Trust: Warren Horn, Esq. HELLER, DRAPER & HORN 650 Poydras Street	3 4 5 6 7 8 9 10	WITNESS PAGE FRANK WATERHOUSE EXAMINATION BY MR. MORRIS 10 EXAMINATION BY MR. RUKAVINA 256 EXAMINATION BY MS. DEITSCH-PEREZ 352 EXAMINATION BY MR. MORRIS 377 EXAMINATION BY MR. RUKAVINA 387 EXAMINATION BY MS. DEITSCH-PEREZ 393 EXHIBITS	
4 5 6 7 8 9 10 11 12 13 14	and HCMS: Deborah Deitsch-Perez, Esq. Michael Aigen, Esq. STINSON 3102 Oak Lawn Avenue Dallas, Texas 75219 Attorneys for Dugaboy Investment Trust: Warren Horn, Esq. HELLER, DRAPER & HORN	3 4 5 6 7 8 9 10 11 12 13	WITNESS PAGE FRANK WATERHOUSE EXAMINATION BY MR. MORRIS 10 EXAMINATION BY MR. RUKAVINA 256 EXAMINATION BY MS. DEITSCH-PEREZ 352 EXAMINATION BY MR. MORRIS 377 EXAMINATION BY MR. RUKAVINA 387 EXAMINATION BY MS. DEITSCH-PEREZ 393 EXAMINATION BY MS. DEITSCH-PEREZ 393	
4 5 6 7 8 9 10 11 12 13 14 15	and HCMS: Deborah Deitsch-Perez, Esq. Michael Aigen, Esq. STINSON 3102 Oak Lawn Avenue Dallas, Texas 75219 Attorneys for Dugaboy Investment Trust: Warren Horn, Esq. HELLER, DRAPER & HORN 650 Poydras Street New Orleans, Louisiana 70130	3 4 5 6 7 8 9 10 11 12 13 14 15	WITNESS PAGE FRANK WATERHOUSE EXAMINATION BY MR. MORRIS 10 EXAMINATION BY MR. RUKAVINA 256 EXAMINATION BY MS. DEITSCH-PEREZ 352 EXAMINATION BY MR. MORRIS 377 EXAMINATION BY MR. RUKAVINA 387 EXAMINATION BY MS. DEITSCH-PEREZ 393 EXHIBITS No. Page Exhibit 2 NPA et al Amended Complaint 142	
4 5 6 7 8 9 10 11 12 13 14 15 16	and HCMS: Deborah Deitsch-Perez, Esq. Michael Aigen, Esq. STINSON 3102 Oak Lawn Avenue Dallas, Texas 75219 Attorneys for Dugaboy Investment Trust: Warren Horn, Esq. HELLER, DRAPER & HORN 650 Poydras Street New Orleans, Louisiana 70130 Attorneys for Marc Kirschner as the trustee for	3 4 5 6 7 8 9 10 11 12 13 14 15 16	WITNESS PAGE FRANK WATERHOUSE EXAMINATION BY MR. MORRIS 10 EXAMINATION BY MR. RUKAVINA 256 EXAMINATION BY MS. DEITSCH-PEREZ 352 EXAMINATION BY MR. MORRIS 377 EXAMINATION BY MR. RUKAVINA 387 EXAMINATION BY MS. DEITSCH-PEREZ 393 EXAMINATION BY MS. DEITSCH-PEREZ 393 EXHIBITS No. Page Exhibit 2 NPA et al Amended Complaint 142 Exhibit 33 6/3/19 Management 91	
4 5 6 7 8 9 10 11 12 13 14 15 16	and HCMS: Deborah Deitsch-Perez, Esq. Michael Aigen, Esq. STINSON 3102 Oak Lawn Avenue Dallas, Texas 75219 Attorneys for Dugaboy Investment Trust: Warren Horn, Esq. HELLER, DRAPER & HORN 650 Poydras Street New Orleans, Louisiana 70130 Attorneys for Marc Kirschner as the trustee for the litigation SunTrust:	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	WITNESS PAGE FRANK WATERHOUSE EXAMINATION BY MR. MORRIS 10 EXAMINATION BY MR. RUKAVINA 256 EXAMINATION BY MS. DEITSCH-PEREZ 352 EXAMINATION BY MR. MORRIS 377 EXAMINATION BY MR. RUKAVINA 387 EXAMINATION BY MS. DEITSCH-PEREZ 393 EXAMINATION BY MS. DEITSCH-PEREZ 393 EXHIBITS No. Page Exhibit 2 NPA et al Amended Complaint 142 Exhibit 33 6/3/19 Management 91 Representation	
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	and HCMS: Deborah Deitsch-Perez, Esq. Michael Aigen, Esq. STINSON 3102 Oak Lawn Avenue Dallas, Texas 75219 Attorneys for Dugaboy Investment Trust: Warren Horn, Esq. HELLER, DRAPER & HORN 650 Poydras Street New Orleans, Louisiana 70130 Attorneys for Marc Kirschner as the trustee for the litigation SunTrust: Deborah Newman, Esq.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	WITNESS PAGE FRANK WATERHOUSE EXAMINATION BY MR. MORRIS 10 EXAMINATION BY MR. RUKAVINA 256 EXAMINATION BY MS. DEITSCH-PEREZ 352 EXAMINATION BY MR. MORRIS 377 EXAMINATION BY MR. RUKAVINA 387 EXAMINATION BY MS. DEITSCH-PEREZ 393 EXHIBITS No. Page Exhibit 2 NPA et al Amended Complaint 142 Exhibit 33 6/3/19 Management 91 Representation Exhibit 34 HCMLP Consolidated Financial 94	
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	and HCMS: Deborah Deitsch-Perez, Esq. Michael Aigen, Esq. STINSON 3102 Oak Lawn Avenue Dallas, Texas 75219 Attorneys for Dugaboy Investment Trust: Warren Horn, Esq. HELLER, DRAPER & HORN 650 Poydras Street New Orleans, Louisiana 70130 Attorneys for Marc Kirschner as the trustee for the litigation SunTrust: Deborah Newman, Esq. QUINN EMANUEL URQUHART & SULLIVAN	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	WITNESS PAGE FRANK WATERHOUSE EXAMINATION BY MR. MORRIS 10 EXAMINATION BY MR. RUKAVINA 256 EXAMINATION BY MS. DEITSCH-PEREZ 352 EXAMINATION BY MR. MORRIS 377 EXAMINATION BY MR. RUKAVINA 387 EXAMINATION BY MS. DEITSCH-PEREZ 393 EXAMINATION BY MS. DEITSCH-PEREZ 393 EXHIBITS No. Page Exhibit 2 NPA et al Amended Complaint 142 Exhibit 33 6/3/19 Management 91 Representation Exhibit 34 HCMLP Consolidated Financial 94 Statements	
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	and HCMS: Deborah Deitsch-Perez, Esq. Michael Aigen, Esq. STINSON 3102 Oak Lawn Avenue Dallas, Texas 75219 Attorneys for Dugaboy Investment Trust: Warren Horn, Esq. HELLER, DRAPER & HORN 650 Poydras Street New Orleans, Louisiana 70130 Attorneys for Marc Kirschner as the trustee for the litigation SunTrust: Deborah Newman, Esq. QUINN EMANUEL URQUHART & SULLIVAN 51 Madison Avenue	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	WITNESS PAGE FRANK WATERHOUSE EXAMINATION BY MR. MORRIS 10 EXAMINATION BY MR. RUKAVINA 256 EXAMINATION BY MS. DEITSCH-PEREZ 352 EXAMINATION BY MR. MORRIS 377 EXAMINATION BY MR. RUKAVINA 387 EXAMINATION BY MS. DEITSCH-PEREZ 393 EXHIBITS No. Page Exhibit 2 NPA et al Amended Complaint 142 Exhibit 33 6/3/19 Management 91 Representation Exhibit 34 HCMLP Consolidated Financial 94 Statements Exhibit 35 HCMFA Incumbency Certificate 151	
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	and HCMS: Deborah Deitsch-Perez, Esq. Michael Aigen, Esq. STINSON 3102 Oak Lawn Avenue Dallas, Texas 75219 Attorneys for Dugaboy Investment Trust: Warren Horn, Esq. HELLER, DRAPER & HORN 650 Poydras Street New Orleans, Louisiana 70130 Attorneys for Marc Kirschner as the trustee for the litigation SunTrust: Deborah Newman, Esq. QUINN EMANUEL URQUHART & SULLIVAN	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	WITNESS PAGE FRANK WATERHOUSE EXAMINATION BY MR. MORRIS 10 EXAMINATION BY MR. RUKAVINA 256 EXAMINATION BY MS. DEITSCH-PEREZ 352 EXAMINATION BY MR. MORRIS 377 EXAMINATION BY MR. RUKAVINA 387 EXAMINATION BY MS. DEITSCH-PEREZ 393 EXAMINATION BY MS. DEITSCH-PEREZ 393 EXAMINATION BY MS. DEITSCH-PEREZ 393 EXHIBITS No. Page Exhibit 2 NPA et al Amended Complaint 142 Exhibit 33 6/3/19 Management 91 Representation Exhibit 34 HCMLP Consolidated Financial 94 Statements Exhibit 35 HCMFA Incumbency Certificate 151 Exhibit 36 Email string re 15(c) 170	
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	and HCMS: Deborah Deitsch-Perez, Esq. Michael Aigen, Esq. STINSON 3102 Oak Lawn Avenue Dallas, Texas 75219 Attorneys for Dugaboy Investment Trust: Warren Horn, Esq. HELLER, DRAPER & HORN 650 Poydras Street New Orleans, Louisiana 70130 Attorneys for Marc Kirschner as the trustee for the litigation SunTrust: Deborah Newman, Esq. QUINN EMANUEL URQUHART & SULLIVAN 51 Madison Avenue New York, New York 10010	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	WITNESS PAGE FRANK WATERHOUSE EXAMINATION BY MR. MORRIS 10 EXAMINATION BY MR. RUKAVINA 256 EXAMINATION BY MS. DEITSCH-PEREZ 352 EXAMINATION BY MR. MORRIS 377 EXAMINATION BY MR. RUKAVINA 387 EXAMINATION BY MS. DEITSCH-PEREZ 393 EXHIBITS No. Page Exhibit 2 NPA et al Amended Complaint 142 Exhibit 33 6/3/19 Management 91 Representation Exhibit 34 HCMLP Consolidated Financial 94 Statements Exhibit 35 HCMFA Incumbency Certificate 151 Exhibit 36 Email string re 15(c) 170 Exhibit 39 HCMLP Operating Results 2/18 226	
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	and HCMS: Deborah Deitsch-Perez, Esq. Michael Aigen, Esq. STINSON 3102 Oak Lawn Avenue Dallas, Texas 75219 Attorneys for Dugaboy Investment Trust: Warren Horn, Esq. HELLER, DRAPER & HORN 650 Poydras Street New Orleans, Louisiana 70130 Attorneys for Marc Kirschner as the trustee for the litigation SunTrust: Deborah Newman, Esq. QUINN EMANUEL URQUHART & SULLIVAN 51 Madison Avenue New York, New York 10010 Also Present:	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	WITNESS PAGE FRANK WATERHOUSE EXAMINATION BY MR. MORRIS 10 EXAMINATION BY MR. RUKAVINA 256 EXAMINATION BY MS. DEITSCH-PEREZ 352 EXAMINATION BY MR. MORRIS 377 EXAMINATION BY MR. RUKAVINA 387 EXAMINATION BY MS. DEITSCH-PEREZ 393 EXHIBITS No. Page Exhibit 2 NPA et al Amended Complaint 142 Exhibit 33 6/3/19 Management 91 Representation Exhibit 34 HCMLP Consolidated Financial 94 Statements Exhibit 35 HCMFA Incumbency Certificate 151 Exhibit 36 Email string re 15(c) 170 Exhibit 39 HCMLP Operating Results 2/18 226 Exhibit 40 Summary of Assets and 236	
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	and HCMS: Deborah Deitsch-Perez, Esq. Michael Aigen, Esq. STINSON 3102 Oak Lawn Avenue Dallas, Texas 75219 Attorneys for Dugaboy Investment Trust: Warren Horn, Esq. HELLER, DRAPER & HORN 650 Poydras Street New Orleans, Louisiana 70130 Attorneys for Marc Kirschner as the trustee for the litigation SunTrust: Deborah Newman, Esq. QUINN EMANUEL URQUHART & SULLIVAN 51 Madison Avenue New York, New York 10010	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	WITNESS PAGE FRANK WATERHOUSE EXAMINATION BY MR. MORRIS 10 EXAMINATION BY MR. RUKAVINA 256 EXAMINATION BY MS. DEITSCH-PEREZ 352 EXAMINATION BY MR. MORRIS 377 EXAMINATION BY MR. RUKAVINA 387 EXAMINATION BY MS. DEITSCH-PEREZ 393 EXHIBITS No. Page Exhibit 2 NPA et al Amended Complaint 142 Exhibit 33 6/3/19 Management 91 Representation Exhibit 34 HCMLP Consolidated Financial 94 Statements Exhibit 35 HCMFA Incumbency Certificate 151 Exhibit 36 Email string re 15(c) 170 Exhibit 39 HCMLP Operating Results 2/18 226	

1	Pac	ge 6	Page
	WATERHOUSE - 10-19-21	,00	1 WATERHOUSE - 10-19-21
2	Exhibit 45 HCMFA Consolidated Financial 135		2 PROCEEDINGS
3	Statements		3 VIDEOGRAPHER: Good morning,
4	Exhibit 46 NexPoint 2019 Audited 218		4 Counselors. My name is Scott Hatch. I'm a
5	Financials		5 certified legal videographer in association
6			6 with TSG Reporting, Inc.
7	Exhibit A1 Emails 11/25 328		7 Due to the severity of COVID-19 and
8	Exhibit A2 Emails 12/31 338		8 following the practice of social
9	Exhibit A6 Emails 1/12 341		9 distancing, I will not be in the same room
10	Exhibit A7 Promissory Notes 297		10 with the witness. Instead, I will record
11	Exhibit A9 Email, 8/31 307		11 this videotaped deposition remotely. The
12	Exhibit A10 Acknowledgment from HCMLP 302		12 reporter, Susan Klinger, also will not be
13	Exhibit A11 HCMLP Schedule 71A 309		13 in the same room and will swear the witness
14			14 remotely.
15			15 Do all parties stipulate to the
16			16 validity of this video recording and remote
17			17 swearing, and that it will be admissible in
18			18 the courtroom as if it had been taken
19			19 following Rule 30 of the Federal Rules of
20			20 Civil Procedures and the state's rules
21			21 where this case is pending?
22			22 MR. HORN: Yes.
23			23 MS. DANDENEAU: Yes.
24			24 MR. MORRIS: Yes. John Morris. I
25			25 would just try to do a negative notice
	Pa	je 8	Page 9
1	WATERHOUSE - 10-19-21	,	1 WATERHOUSE - 10-19-21
2	here, as we did yesterday. If anybody has		2 Counsel, please introduce
3			
Ι.	a problem with what was just stated, can		3 yourselves.
4	a problem with what was just stated, can you state your objection now?		·
5	·		3 yourselves.
1	you state your objection now?		3 yourselves.4 MR. MORRIS: John Morris, Pachulski
5 6	you state your objection now? Okay. No response, so everybody		 3 yourselves. 4 MR. MORRIS: John Morris, Pachulski 5 Stang Ziehl & Jones for the reorganized
5 6	you state your objection now? Okay. No response, so everybody accepts the stipulation and the instruction		 3 yourselves. 4 MR. MORRIS: John Morris, Pachulski 5 Stang Ziehl & Jones for the reorganized 6 Highland Capital Management, L.P., the
5 6 7	you state your objection now? Okay. No response, so everybody accepts the stipulation and the instruction that was just given.		 3 yourselves. 4 MR. MORRIS: John Morris, Pachulski 5 Stang Ziehl & Jones for the reorganized 6 Highland Capital Management, L.P., the 7 plaintiff in these actions. 8 MS. DANDENEAU: Deborah Dandeneau
5 6 7 8	you state your objection now? Okay. No response, so everybody accepts the stipulation and the instruction that was just given. VIDEOGRAPHER: Thank you. This is		 3 yourselves. 4 MR. MORRIS: John Morris, Pachulski 5 Stang Ziehl & Jones for the reorganized 6 Highland Capital Management, L.P., the 7 plaintiff in these actions. 8 MS. DANDENEAU: Deborah Dandeneau
5 6 7 8 9	you state your objection now? Okay. No response, so everybody accepts the stipulation and the instruction that was just given. VIDEOGRAPHER: Thank you. This is the start of media labeled Number 1 of the		 3 yourselves. 4 MR. MORRIS: John Morris, Pachulski 5 Stang Ziehl & Jones for the reorganized 6 Highland Capital Management, L.P., the 7 plaintiff in these actions. 8 MS. DANDENEAU: Deborah Dandeneau 9 from Baker McKenzie. My partner, Michelle
5 6 7 8 9 10	you state your objection now? Okay. No response, so everybody accepts the stipulation and the instruction that was just given. VIDEOGRAPHER: Thank you. This is the start of media labeled Number 1 of the video recorded deposition of Frank		 yourselves. MR. MORRIS: John Morris, Pachulski Stang Ziehl & Jones for the reorganized Highland Capital Management, L.P., the plaintiff in these actions. MS. DANDENEAU: Deborah Dandeneau from Baker McKenzie. My partner, Michelle Hartmann, is also in the room with me,
5 6 7 8 9 10 11	you state your objection now? Okay. No response, so everybody accepts the stipulation and the instruction that was just given. VIDEOGRAPHER: Thank you. This is the start of media labeled Number 1 of the video recorded deposition of Frank Waterhouse In Re: Highland Capital		 yourselves. MR. MORRIS: John Morris, Pachulski Stang Ziehl & Jones for the reorganized Highland Capital Management, L.P., the plaintiff in these actions. MS. DANDENEAU: Deborah Dandeneau from Baker McKenzie. My partner, Michelle Hartmann, is also in the room with me, representing Frank Waterhouse individually.
5 6 7 8 9 10 11 12	you state your objection now? Okay. No response, so everybody accepts the stipulation and the instruction that was just given. VIDEOGRAPHER: Thank you. This is the start of media labeled Number 1 of the video recorded deposition of Frank Waterhouse In Re: Highland Capital Management, L.P., in the United States		 yourselves. MR. MORRIS: John Morris, Pachulski Stang Ziehl & Jones for the reorganized Highland Capital Management, L.P., the plaintiff in these actions. MS. DANDENEAU: Deborah Dandeneau from Baker McKenzie. My partner, Michelle Hartmann, is also in the room with me, representing Frank Waterhouse individually. MS. DEITSCH-PEREZ: Deborah
5 6 7 8 9 10 11 12 13	you state your objection now? Okay. No response, so everybody accepts the stipulation and the instruction that was just given. VIDEOGRAPHER: Thank you. This is the start of media labeled Number 1 of the video recorded deposition of Frank Waterhouse In Re: Highland Capital Management, L.P., in the United States Bankruptcy Court for the Northern District		 yourselves. MR. MORRIS: John Morris, Pachulski Stang Ziehl & Jones for the reorganized Highland Capital Management, L.P., the plaintiff in these actions. MS. DANDENEAU: Deborah Dandeneau from Baker McKenzie. My partner, Michelle Hartmann, is also in the room with me, representing Frank Waterhouse individually. MS. DEITSCH-PEREZ: Deborah Deitsch-Perez from Stinson, LLP,
5 6 7 8 9 10 11 12 13 14	you state your objection now? Okay. No response, so everybody accepts the stipulation and the instruction that was just given. VIDEOGRAPHER: Thank you. This is the start of media labeled Number 1 of the video recorded deposition of Frank Waterhouse In Re: Highland Capital Management, L.P., in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division, Case Number		 yourselves. MR. MORRIS: John Morris, Pachulski Stang Ziehl & Jones for the reorganized Highland Capital Management, L.P., the plaintiff in these actions. MS. DANDENEAU: Deborah Dandeneau from Baker McKenzie. My partner, Michelle Hartmann, is also in the room with me, representing Frank Waterhouse individually. MS. DEITSCH-PEREZ: Deborah Deitsch-Perez from Stinson, LLP, representing Jim Dondero, Nancy Dondero,
5 6 7 8 9 10 11 12 13 14 15	you state your objection now? Okay. No response, so everybody accepts the stipulation and the instruction that was just given. VIDEOGRAPHER: Thank you. This is the start of media labeled Number 1 of the video recorded deposition of Frank Waterhouse In Re: Highland Capital Management, L.P., in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division, Case Number 21-03000-SGI.		 3 yourselves. 4 MR. MORRIS: John Morris, Pachulski 5 Stang Ziehl & Jones for the reorganized 6 Highland Capital Management, L.P., the 7 plaintiff in these actions. 8 MS. DANDENEAU: Deborah Dandeneau 9 from Baker McKenzie. My partner, Michelle 10 Hartmann, is also in the room with me, 11 representing Frank Waterhouse individually. 12 MS. DEITSCH-PEREZ: Deborah 13 Deitsch-Perez from Stinson, LLP, 14 representing Jim Dondero, Nancy Dondero, 15 HCRA, and HCMS.
5 6 7 8 9 10 11 12 13 14 15 16	you state your objection now? Okay. No response, so everybody accepts the stipulation and the instruction that was just given. VIDEOGRAPHER: Thank you. This is the start of media labeled Number 1 of the video recorded deposition of Frank Waterhouse In Re: Highland Capital Management, L.P., in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division, Case Number 21-03000-SGI. This deposition is being held via video conference with participants		 yourselves. MR. MORRIS: John Morris, Pachulski Stang Ziehl & Jones for the reorganized Highland Capital Management, L.P., the plaintiff in these actions. MS. DANDENEAU: Deborah Dandeneau from Baker McKenzie. My partner, Michelle Hartmann, is also in the room with me, representing Frank Waterhouse individually. MS. DEITSCH-PEREZ: Deborah Deitsch-Perez from Stinson, LLP, representing Jim Dondero, Nancy Dondero, HCRA, and HCMS. MR. HORN: Warren Horn with Heller, Draper & Horn in New Orleans representing
5 6 7 8 9 10 11 12 13 14 15 16 17	you state your objection now? Okay. No response, so everybody accepts the stipulation and the instruction that was just given. VIDEOGRAPHER: Thank you. This is the start of media labeled Number 1 of the video recorded deposition of Frank Waterhouse In Re: Highland Capital Management, L.P., in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division, Case Number 21-03000-SGI. This deposition is being held via		 yourselves. MR. MORRIS: John Morris, Pachulski Stang Ziehl & Jones for the reorganized Highland Capital Management, L.P., the plaintiff in these actions. MS. DANDENEAU: Deborah Dandeneau from Baker McKenzie. My partner, Michelle Hartmann, is also in the room with me, representing Frank Waterhouse individually. MS. DEITSCH-PEREZ: Deborah Deitsch-Perez from Stinson, LLP, representing Jim Dondero, Nancy Dondero, HCRA, and HCMS. MR. HORN: Warren Horn with Heller, Draper & Horn in New Orleans representing
5 6 7 8 9 10 11 12 13 14 15 16 17 18	you state your objection now? Okay. No response, so everybody accepts the stipulation and the instruction that was just given. VIDEOGRAPHER: Thank you. This is the start of media labeled Number 1 of the video recorded deposition of Frank Waterhouse In Re: Highland Capital Management, L.P., in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division, Case Number 21-03000-SGI. This deposition is being held via video conference with participants appearing remotely due to COVID-19		 yourselves. MR. MORRIS: John Morris, Pachulski Stang Ziehl & Jones for the reorganized Highland Capital Management, L.P., the plaintiff in these actions. MS. DANDENEAU: Deborah Dandeneau from Baker McKenzie. My partner, Michelle Hartmann, is also in the room with me, representing Frank Waterhouse individually. MS. DEITSCH-PEREZ: Deborah Deitsch-Perez from Stinson, LLP, representing Jim Dondero, Nancy Dondero, HCRA, and HCMS. MR. HORN: Warren Horn with Heller, Draper & Horn in New Orleans representing Dugaboy Investment Trust.
5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	you state your objection now? Okay. No response, so everybody accepts the stipulation and the instruction that was just given. VIDEOGRAPHER: Thank you. This is the start of media labeled Number 1 of the video recorded deposition of Frank Waterhouse In Re: Highland Capital Management, L.P., in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division, Case Number 21-03000-SGI. This deposition is being held via video conference with participants appearing remotely due to COVID-19 restrictions on Tuesday, October 19th, 2021 at approximately 9:32 a.m. My name is		 yourselves. MR. MORRIS: John Morris, Pachulski Stang Ziehl & Jones for the reorganized Highland Capital Management, L.P., the plaintiff in these actions. MS. DANDENEAU: Deborah Dandeneau from Baker McKenzie. My partner, Michelle Hartmann, is also in the room with me, representing Frank Waterhouse individually. MS. DEITSCH-PEREZ: Deborah Deitsch-Perez from Stinson, LLP, representing Jim Dondero, Nancy Dondero, HCRA, and HCMS. MR. HORN: Warren Horn with Heller, Draper & Horn in New Orleans representing Dugaboy Investment Trust. MR. RUKAVINA: Davor Rukavina with
5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	you state your objection now? Okay. No response, so everybody accepts the stipulation and the instruction that was just given. VIDEOGRAPHER: Thank you. This is the start of media labeled Number 1 of the video recorded deposition of Frank Waterhouse In Re: Highland Capital Management, L.P., in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division, Case Number 21-03000-SGI. This deposition is being held via video conference with participants appearing remotely due to COVID-19 restrictions on Tuesday, October 19th, 2021		 yourselves. MR. MORRIS: John Morris, Pachulski Stang Ziehl & Jones for the reorganized Highland Capital Management, L.P., the plaintiff in these actions. MS. DANDENEAU: Deborah Dandeneau from Baker McKenzie. My partner, Michelle Hartmann, is also in the room with me, representing Frank Waterhouse individually. MS. DEITSCH-PEREZ: Deborah Deitsch-Perez from Stinson, LLP, representing Jim Dondero, Nancy Dondero, HCRA, and HCMS. MR. HORN: Warren Hom with Heller, Draper & Hom in New Orleans representing Dugaboy Investment Trust. MR. RUKAVINA: Davor Rukavina with Munsch Hardt Kopf & Harr in Dallas
5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	you state your objection now? Okay. No response, so everybody accepts the stipulation and the instruction that was just given. VIDEOGRAPHER: Thank you. This is the start of media labeled Number 1 of the video recorded deposition of Frank Waterhouse In Re: Highland Capital Management, L.P., in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division, Case Number 21-03000-SGI. This deposition is being held via video conference with participants appearing remotely due to COVID-19 restrictions on Tuesday, October 19th, 2021 at approximately 9:32 a.m. My name is Scott Hatch, legal video specialist with	:	 yourselves. MR. MORRIS: John Morris, Pachulski Stang Ziehl & Jones for the reorganized Highland Capital Management, L.P., the plaintiff in these actions. MS. DANDENEAU: Deborah Dandeneau from Baker McKenzie. My partner, Michelle Hartmann, is also in the room with me, representing Frank Waterhouse individually. MS. DEITSCH-PEREZ: Deborah Deitsch-Perez from Stinson, LLP, representing Jim Dondero, Nancy Dondero, HCRA, and HCMS. MR. HORN: Warren Horn with Heller, Draper & Horn in New Orleans representing Dugaboy Investment Trust. MR. RUKAVINA: Davor Rukavina with Munsch Hardt Kopf & Harr in Dallas representing NexPoint Advisors, LP and
5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	you state your objection now? Okay. No response, so everybody accepts the stipulation and the instruction that was just given. VIDEOGRAPHER: Thank you. This is the start of media labeled Number 1 of the video recorded deposition of Frank Waterhouse In Re: Highland Capital Management, L.P., in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division, Case Number 21-03000-SGI. This deposition is being held via video conference with participants appearing remotely due to COVID-19 restrictions on Tuesday, October 19th, 2021 at approximately 9:32 a.m. My name is Scott Hatch, legal video specialist with TSG Reporting, Inc. headquartered at 228		 yourselves. MR. MORRIS: John Morris, Pachulski Stang Ziehl & Jones for the reorganized Highland Capital Management, L.P., the plaintiff in these actions. MS. DANDENEAU: Deborah Dandeneau from Baker McKenzie. My partner, Michelle Hartmann, is also in the room with me, representing Frank Waterhouse individually. MS. DEITSCH-PEREZ: Deborah Deitsch-Perez from Stinson, LLP, representing Jim Dondero, Nancy Dondero, HCRA, and HCMS. MR. HORN: Warren Horn with Heller, Draper & Horn in New Orleans representing Dugaboy Investment Trust. MR. RUKAVINA: Davor Rukavina with Munsch Hardt Kopf & Harr in Dallas representing NexPoint Advisors, LP and Highland Capital Management Fund Advisors,
5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	you state your objection now? Okay. No response, so everybody accepts the stipulation and the instruction that was just given. VIDEOGRAPHER: Thank you. This is the start of media labeled Number 1 of the video recorded deposition of Frank Waterhouse In Re: Highland Capital Management, L.P., in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division, Case Number 21-03000-SGI. This deposition is being held via video conference with participants appearing remotely due to COVID-19 restrictions on Tuesday, October 19th, 2021 at approximately 9:32 a.m. My name is Scott Hatch, legal video specialist with TSG Reporting, Inc. headquartered at 228 East 45th Street, New York, New York. The		 yourselves. MR. MORRIS: John Morris, Pachulski Stang Ziehl & Jones for the reorganized Highland Capital Management, L.P., the plaintiff in these actions. MS. DANDENEAU: Deborah Dandeneau from Baker McKenzie. My partner, Michelle Hartmann, is also in the room with me, representing Frank Waterhouse individually. MS. DEITSCH-PEREZ: Deborah Deitsch-Perez from Stinson, LLP, representing Jim Dondero, Nancy Dondero, HCRA, and HCMS. MR. HORN: Warren Horn with Heller, Draper & Horn in New Orleans representing Dugaboy Investment Trust. MR. RUKAVINA: Davor Rukavina with Munsch Hardt Kopf & Harr in Dallas representing NexPoint Advisors, LP and Highland Capital Management Fund Advisors, L.P.

	B 10			D 44
1 WATERHOUSE - 10-1	Page 10 9-21	1	WATERHOUSE - 10-19-21	Page 11
2 as Deborah Deitsch-Perez.		2	we're here today for your deposition in your	
3 MS. NEWMAN: This is	Deborah Newman		individual capacity?	
4 from Quinn Emanuel. We re	epresent the	4	A. Yes.	
5 litigation – Marc Kirschner as	s the trustee	5	Q. Did you review and – did you	
6 for the litigation SunTrust.		6	receive and review a subpoena that Highland	
7 MR. MORRIS: I think th	at is	7	Capital Management, L.P., served upon you?	
8 everybody.		8	A. Yes.	
9 VIDEOGRAPHER: Tha	ank you. Will the	9	Q. You have been deposed before; right?	
10 court reporter please swear	in the witness.	10	A. Yes.	
11 FRANK WATERHOU	USE,	11	Q. How many times have you been	
12 having been first duly sworn, tes	stified as	12	deposed?	
13 follows:		13	A. About three or four times.	
14 EXAMINATION		14	Q. Okay. And I defended you in one	
15 BY MR. MORRIS:		15	deposition; isn't that right?	
16 Q. Please state your name	e for the	16	A. That is correct.	
17 record.		17	Q. So the general ground rules for this	
18 A. My name is Frank Wate	erhouse.	18	deposition are largely the same as the	
19 Q. Good morning, Mr. Wa	aterhouse. I'm	19	depositions you have given before. And that is	
20 John Morris, as you know, from	n Pachulski Stang	20	I will ask you a series of questions, and it is	
21 Ziehl & Jones. You understand	d that my firm and	21	important that you allow me to finish my	
22 I represent Highland Capital Ma	anagement, L.P.;	22	question before you begin your answer; is that	
23 is that right?		23	fair?	
24 A. Yes.		24	A. Yes.	
25 Q. Okay. And do you und	derstand that	25	Q. And it is important that I allow you	
1				
	Page 12			Page 13
1 WATERHOUSE - 10-1	l9-21	1	WATERHOUSE - 10-19-21	Page 13
2 to finish your answers before I b	19-21 pegin a	2	opportunity to review any portion of the	Page 13
2 to finish your answers before I b 3 question, but if I fail to do that, w	19-21 pegin a	2	opportunity to review any portion of the document that you think you need in order to	Page 13
2 to finish your answers before I b 3 question, but if I fail to do that, wi 4 let me know?	19-21 pegin a	2 3 4	opportunity to review any portion of the document that you think you need in order to fully and completely answer the question.	Page 13
 2 to finish your answers before I b 3 question, but if I fail to do that, w 4 let me know? 5 A. I can certainly do that. 	l9-21 begin a rill you	2 3 4 5	opportunity to review any portion of the document that you think you need in order to fully and completely answer the question. So I would ask you to let me know if	Page 13
2 to finish your answers before I b 3 question, but if I fail to do that, w 4 let me know? 5 A. I can certainly do that. 6 Q. Okay. Do you understa	19-21 Degin a Dill you Daniel that this	2 3 4 5 6	opportunity to review any portion of the document that you think you need in order to fully and completely answer the question. So I would ask you to let me know if there is a portion of a document that you need	Page 13
 2 to finish your answers before I b 3 question, but if I fail to do that, w 4 let me know? 5 A. I can certainly do that. 6 Q. Okay. Do you understated 7 deposition is being videotaped? 	19-21 Degin a Dill you Daniel that this	2 3 4 5 6 7	opportunity to review any portion of the document that you think you need in order to fully and completely answer the question. So I would ask you to let me know if there is a portion of a document that you need to see in order to fully and completely answer	Page 13
 2 to finish your answers before I b 3 question, but if I fail to do that, w 4 let me know? 5 A. I can certainly do that. 6 Q. Okay. Do you understated deposition is being videotaped? 8 A. Yes. 	19-21 pegin a pill you pand that this	2 3 4 5 6 7 8	opportunity to review any portion of the document that you think you need in order to fully and completely answer the question. So I would ask you to let me know if there is a portion of a document that you need to see in order to fully and completely answer the question. Can you do that for me?	Page 13
2 to finish your answers before I b 3 question, but if I fail to do that, w 4 let me know? 5 A. I can certainly do that. 6 Q. Okay. Do you understa 7 deposition is being videotaped? 8 A. Yes. 9 Q. You understand that I m	19-21 Degin a Dill you Dill yo	2 3 4 5 6 7 8 9	opportunity to review any portion of the document that you think you need in order to fully and completely answer the question. So I would ask you to let me know if there is a portion of a document that you need to see in order to fully and completely answer the question. Can you do that for me? A. Yes.	Page 13
2 to finish your answers before I b 3 question, but if I fail to do that, w 4 let me know? 5 A. I can certainly do that. 6 Q. Okay. Do you understa 7 deposition is being videotaped? 8 A. Yes. 9 Q. You understand that I m 10 use portions of the videotape in	19-21 Degin a Dill you Dill yo	2 3 4 5 6 7 8 9 10	opportunity to review any portion of the document that you think you need in order to fully and completely answer the question. So I would ask you to let me know if there is a portion of a document that you need to see in order to fully and completely answer the question. Can you do that for me? A. Yes. MS. DANDENEAU: Mr. Morris, I would	Page 13
2 to finish your answers before I b 3 question, but if I fail to do that, w 4 let me know? 5 A. I can certainly do that. 6 Q. Okay. Do you understa 7 deposition is being videotaped? 8 A. Yes. 9 Q. You understand that I m 10 use portions of the videotape in 11 law?	19-21 pegin a pegin a pegin that this period that this period a court of	2 3 4 5 6 7 8 9 10 11	opportunity to review any portion of the document that you think you need in order to fully and completely answer the question. So I would ask you to let me know if there is a portion of a document that you need to see in order to fully and completely answer the question. Can you do that for me? A. Yes. MS. DANDENEAU: Mr. Morris, I would just note that we do have hard copies of	Page 13
2 to finish your answers before I b 3 question, but if I fail to do that, w 4 let me know? 5 A. I can certainly do that. 6 Q. Okay. Do you understa 7 deposition is being videotaped? 8 A. Yes. 9 Q. You understand that I m 10 use portions of the videotape in 11 law? 12 A. I did not know that, until	19-21 pegin a pegin a pegin that this period that this period a court of	2 3 4 5 6 7 8 9 10 11 12	opportunity to review any portion of the document that you think you need in order to fully and completely answer the question. So I would ask you to let me know if there is a portion of a document that you need to see in order to fully and completely answer the question. Can you do that for me? A. Yes. MS. DANDENEAU: Mr. Morris, I would just note that we do have hard copies of the documents that you sent, so if you can	Page 13
2 to finish your answers before I b 3 question, but if I fail to do that, wi 4 let me know? 5 A. I can certainly do that. 6 Q. Okay. Do you understa 7 deposition is being videotaped? 8 A. Yes. 9 Q. You understand that I m 10 use portions of the videotape in 11 law? 12 A. I did not know that, until 13 said that.	l9-21 legin a lill you land that this land seek to la court of	2 3 4 5 6 7 8 9 10 11 12 13	opportunity to review any portion of the document that you think you need in order to fully and completely answer the question. So I would ask you to let me know if there is a portion of a document that you need to see in order to fully and completely answer the question. Can you do that for me? A. Yes. MS. DANDENEAU: Mr. Morris, I would just note that we do have hard copies of the documents that you sent, so if you can just refer to the exhibit number as	Page 13
2 to finish your answers before I b 3 question, but if I fail to do that, w 4 let me know? 5 A. I can certainly do that. 6 Q. Okay. Do you understa 7 deposition is being videotaped? 8 A. Yes. 9 Q. You understand that I n 10 use portions of the videotape in 11 law? 12 A. I did not know that, until 13 said that. 14 Q. Okay. And you are aw	l9-21 legin a lill you land that this land seek to la court of la vare of that now	2 3 4 5 6 7 8 9 10 11 12 13	opportunity to review any portion of the document that you think you need in order to fully and completely answer the question. So I would ask you to let me know if there is a portion of a document that you need to see in order to fully and completely answer the question. Can you do that for me? A. Yes. MS. DANDENEAU: Mr. Morris, I would just note that we do have hard copies of the documents that you sent, so if you can just refer to the exhibit number as reflected in the documents that you sent,	Page 13
2 to finish your answers before I b 3 question, but if I fail to do that, w 4 let me know? 5 A. I can certainly do that. 6 Q. Okay. Do you understa 7 deposition is being videotaped? 8 A. Yes. 9 Q. You understand that I m 10 use portions of the videotape in 11 law? 12 A. I did not know that, until 13 said that. 14 Q. Okay. And you are aw 15 before the deposition begins su	l9-21 legin a lill you land that this land seek to la court of la vare of that now	2 3 4 5 6 7 8 9 10 11 12 13 14 15	opportunity to review any portion of the document that you think you need in order to fully and completely answer the question. So I would ask you to let me know if there is a portion of a document that you need to see in order to fully and completely answer the question. Can you do that for me? A. Yes. MS. DANDENEAU: Mr. Morris, I would just note that we do have hard copies of the documents that you sent, so if you can just refer to the exhibit number as reflected in the documents that you sent, Mr. Waterhouse will be able to look at the	Page 13
2 to finish your answers before I b 3 question, but if I fail to do that, wi 4 let me know? 5 A. I can certainly do that. 6 Q. Okay. Do you understa 7 deposition is being videotaped? 8 A. Yes. 9 Q. You understand that I m 10 use portions of the videotape in 11 law? 12 A. I did not know that, until 13 said that. 14 Q. Okay. And you are aw 15 before the deposition begins su 16 that right?	l9-21 legin a lill you land that this land seek to la court of la vare of that now	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	opportunity to review any portion of the document that you think you need in order to fully and completely answer the question. So I would ask you to let me know if there is a portion of a document that you need to see in order to fully and completely answer the question. Can you do that for me? A. Yes. MS. DANDENEAU: Mr. Morris, I would just note that we do have hard copies of the documents that you sent, so if you can just refer to the exhibit number as reflected in the documents that you sent, Mr. Waterhouse will be able to look at the hard copies of those documents.	Page 13
2 to finish your answers before I b 3 question, but if I fail to do that, w 4 let me know? 5 A. I can certainly do that. 6 Q. Okay. Do you understa 7 deposition is being videotaped? 8 A. Yes. 9 Q. You understand that I m 10 use portions of the videotape in 11 law? 12 A. I did not know that, until 13 said that. 14 Q. Okay. And you are aw 15 before the deposition begins su 16 that right? 17 A. Yes.	l9-21 legin a lill you land that this land seek to la court of la vou just lyou just lyare of that now labstantively; is	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	opportunity to review any portion of the document that you think you need in order to fully and completely answer the question. So I would ask you to let me know if there is a portion of a document that you need to see in order to fully and completely answer the question. Can you do that for me? A. Yes. MS. DANDENEAU: Mr. Morris, I would just note that we do have hard copies of the documents that you sent, so if you can just refer to the exhibit number as reflected in the documents that you sent, Mr. Waterhouse will be able to look at the hard copies of those documents. MR. MORRIS: I appreciate that,	Page 13
2 to finish your answers before I b 3 question, but if I fail to do that, w 4 let me know? 5 A. I can certainly do that. 6 Q. Okay. Do you understa 7 deposition is being videotaped? 8 A. Yes. 9 Q. You understand that I m 10 use portions of the videotape in 11 law? 12 A. I did not know that, until 13 said that. 14 Q. Okay. And you are aw 15 before the deposition begins su 16 that right? 17 A. Yes. 18 Q. So unlike I think the oth	l9-21 pegin a pegin a pegin a pegin a period of that this period of that now period of the norm period of the norm period of that now period of the norm period of that now period of the norm period of th	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	opportunity to review any portion of the document that you think you need in order to fully and completely answer the question. So I would ask you to let me know if there is a portion of a document that you need to see in order to fully and completely answer the question. Can you do that for me? A. Yes. MS. DANDENEAU: Mr. Morris, I would just note that we do have hard copies of the documents that you sent, so if you can just refer to the exhibit number as reflected in the documents that you sent, Mr. Waterhouse will be able to look at the hard copies of those documents. MR. MORRIS: I appreciate that, and — and I will encourage him to do so.	Page 13
2 to finish your answers before I b 3 question, but if I fail to do that, wi 4 let me know? 5 A. I can certainly do that. 6 Q. Okay. Do you understa 7 deposition is being videotaped? 8 A. Yes. 9 Q. You understand that I n 10 use portions of the videotape in 11 law? 12 A. I did not know that, until 13 said that. 14 Q. Okay. And you are aw 15 before the deposition begins su 16 that right? 17 A. Yes. 18 Q. So unlike I think the oth 19 depositions that you have given	lg-21 legin a lill you land that this land seek to la court of I you just lyare of that now libstantively; is liner land, this one is	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	opportunity to review any portion of the document that you think you need in order to fully and completely answer the question. So I would ask you to let me know if there is a portion of a document that you need to see in order to fully and completely answer the question. Can you do that for me? A. Yes. MS. DANDENEAU: Mr. Morris, I would just note that we do have hard copies of the documents that you sent, so if you can just refer to the exhibit number as reflected in the documents that you sent, Mr. Waterhouse will be able to look at the hard copies of those documents. MR. MORRIS: I appreciate that, and – and I will encourage him to do so. There will be other documents that we did	Page 13
2 to finish your answers before I b 3 question, but if I fail to do that, wi 4 let me know? 5 A. I can certainly do that. 6 Q. Okay. Do you understa 7 deposition is being videotaped? 8 A. Yes. 9 Q. You understand that I m 10 use portions of the videotape in 11 law? 12 A. I did not know that, until 13 said that. 14 Q. Okay. And you are aw 15 before the deposition begins su 16 that right? 17 A. Yes. 18 Q. So unlike I think the oth 19 depositions that you have given 20 being given remotely. So that p	legin a ill you and that this nay seek to a court of I you just vare of that now abstantively; is ner n, this one is presents some	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	opportunity to review any portion of the document that you think you need in order to fully and completely answer the question. So I would ask you to let me know if there is a portion of a document that you need to see in order to fully and completely answer the question. Can you do that for me? A. Yes. MS. DANDENEAU: Mr. Morris, I would just note that we do have hard copies of the documents that you sent, so if you can just refer to the exhibit number as reflected in the documents that you sent, Mr. Waterhouse will be able to look at the hard copies of those documents. MR. MORRIS: I appreciate that, and – and I will encourage him to do so. There will be other documents that we did not send to you that we'll be using today	Page 13
2 to finish your answers before I b 3 question, but if I fail to do that, w 4 let me know? 5 A. I can certainly do that. 6 Q. Okay. Do you understa 7 deposition is being videotaped? 8 A. Yes. 9 Q. You understand that I m 10 use portions of the videotape in 11 law? 12 A. I did not know that, until 13 said that. 14 Q. Okay. And you are aw 15 before the deposition begins su 16 that right? 17 A. Yes. 18 Q. So unlike I think the oth 19 depositions that you have given 20 being given remotely. So that p 21 unique challenges, at least as c	legin a rill you and that this may seek to a a court of I you just vare of that now abstantively; is mer n, this one is presents some compared to a	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	opportunity to review any portion of the document that you think you need in order to fully and completely answer the question. So I would ask you to let me know if there is a portion of a document that you need to see in order to fully and completely answer the question. Can you do that for me? A. Yes. MS. DANDENEAU: Mr. Morris, I would just note that we do have hard copies of the documents that you sent, so if you can just refer to the exhibit number as reflected in the documents that you sent, Mr. Waterhouse will be able to look at the hard copies of those documents. MR. MORRIS: I appreciate that, and – and I will encourage him to do so. There will be other documents that we did not send to you that we'll be using today though.	Page 13
2 to finish your answers before I b 3 question, but if I fail to do that, wi 4 let me know? 5 A. I can certainly do that. 6 Q. Okay. Do you understa 7 deposition is being videotaped? 8 A. Yes. 9 Q. You understand that I m 10 use portions of the videotape in 11 law? 12 A. I did not know that, until 13 said that. 14 Q. Okay. And you are aw 15 before the deposition begins su 16 that right? 17 A. Yes. 18 Q. So unlike I think the oth 19 depositions that you have given 20 being given remotely. So that p 21 unique challenges, at least as of 22 deposition that is taken in-person	legin a rill you and that this nay seek to a court of I you just vare of that now abstantively; is ner n, this one is presents some compared to a on.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	opportunity to review any portion of the document that you think you need in order to fully and completely answer the question. So I would ask you to let me know if there is a portion of a document that you need to see in order to fully and completely answer the question. Can you do that for me? A. Yes. MS. DANDENEAU: Mr. Morris, I would just note that we do have hard copies of the documents that you sent, so if you can just refer to the exhibit number as reflected in the documents that you sent, Mr. Waterhouse will be able to look at the hard copies of those documents. MR. MORRIS: I appreciate that, and – and I will encourage him to do so. There will be other documents that we did not send to you that we'll be using today though. Q. Okay. With that as background, if	Page 13
2 to finish your answers before I b 3 question, but if I fail to do that, wi 4 let me know? 5 A. I can certainly do that. 6 Q. Okay. Do you understa 7 deposition is being videotaped? 8 A. Yes. 9 Q. You understand that I m 10 use portions of the videotape in 11 law? 12 A. I did not know that, until 13 said that. 14 Q. Okay. And you are aw 15 before the deposition begins su 16 that right? 17 A. Yes. 18 Q. So unlike I think the oth 19 depositions that you have given 20 being given remotely. So that p 21 unique challenges, at least as of 22 deposition that is taken in-person 23 From time to time we're	legin a ill you and that this hay seek to ha court of I you just vare of that now histantively; is her h, this one is bresents some compared to a bn. going to put	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	opportunity to review any portion of the document that you think you need in order to fully and completely answer the question. So I would ask you to let me know if there is a portion of a document that you need to see in order to fully and completely answer the question. Can you do that for me? A. Yes. MS. DANDENEAU: Mr. Morris, I would just note that we do have hard copies of the documents that you sent, so if you can just refer to the exhibit number as reflected in the documents that you sent, Mr. Waterhouse will be able to look at the hard copies of those documents. MR. MORRIS: I appreciate that, and — and I will encourage him to do so. There will be other documents that we did not send to you that we'll be using today though. Q. Okay. With that as background, if there is anything that I ask you, sir, that you	Page 13
2 to finish your answers before I b 3 question, but if I fail to do that, wi 4 let me know? 5 A. I can certainly do that. 6 Q. Okay. Do you understa 7 deposition is being videotaped? 8 A. Yes. 9 Q. You understand that I m 10 use portions of the videotape in 11 law? 12 A. I did not know that, until 13 said that. 14 Q. Okay. And you are aw 15 before the deposition begins su 16 that right? 17 A. Yes. 18 Q. So unlike I think the oth 19 depositions that you have given 20 being given remotely. So that p 21 unique challenges, at least as of 22 deposition that is taken in-person	lg-21 legin a lill you land that this land seek to la a court of I you just lyare of that now libstantively; is liber land that this land that this land seek to	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	opportunity to review any portion of the document that you think you need in order to fully and completely answer the question. So I would ask you to let me know if there is a portion of a document that you need to see in order to fully and completely answer the question. Can you do that for me? A. Yes. MS. DANDENEAU: Mr. Morris, I would just note that we do have hard copies of the documents that you sent, so if you can just refer to the exhibit number as reflected in the documents that you sent, Mr. Waterhouse will be able to look at the hard copies of those documents. MR. MORRIS: I appreciate that, and – and I will encourage him to do so. There will be other documents that we did not send to you that we'll be using today though. Q. Okay. With that as background, if	Page 13

1	Page 14	1		Dogo 15
	Page 14 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 15
2	Q. Okay. Are you currently employed?	2	A. I-I-Imight. I just-I	
3	A. Yes.	3	don't recall.	
4	Q. By whom?	4	Q. Okay. Does Skyview Group provide	
5	A. The Skyview Group.	5	any services to any entity directly or	
6	Q. When did you become employed by the	6	indirectly owned or controlled by Jim Dondero?	
7	Skyview Group?	7	A. Yes.	
8	A. I believe March 1st of 2021.	8	Q. Can you name – is that pursuant to	
9	Q. Do you have a title at Skyview?	9	written contracts?	
10	A. Yes.	10	A. Yes.	
11	Q. What is your title?	11	Q. And do you know how many contracts	
12	A. My title is chief financial officer.	12	•	
13	Q. Do you report to anybody in your	13	A. Approximately six or so.	
1	role as CFO?	14	Q. And is the Skyview Group made up of	
15	A. I don't, no.	15	individuals who were formerly employees of	
16	Q. No. Is there a president or a CEO	16	Highland Capital Management, L.P.?	
1	of Skyview?	17	A. No.	
18	A. Yes.	18	Q. Do you know how many – how many –	
19	Q. Who is that?	19	how many employees does Skyview have?	
20	A. That is Scott Ellington.	20	A. Approximately 35.	
21	Q. But you don't report to	21	Q. And can you tell me how many of	
1	Mr. Ellington; is that right?	22	those 35 are former officers, directors, or	
23	A. I don't think so.	23	employees of Highland Capital Management, L.P.?	
24	Q. Does Skyview Group —	24	A. I don't know the exact number.	
25	MS. DANDENEAU: Excuse me, we –	25	Q. Is it more than 20?	
23	WO. DANDENEAU. EXCUSETTE, WE -	20	Q. ISILITIOIC HAIT 20:	
1	Page 16 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 17
2	A. Yes.			
4	Λ. 1 c 3.	1 2		
1 2		2	these questions for any purpose other than	
3	Q. Is it more than 30?	3	this litigation. I think you understand	
4	Q. Is it more than 30? A. I don't know.	3 4	this litigation. I think you understand fully why I'm asking the questions, and I	
4 5	Q. Is it more than 30?A. I don't know.Q. Can you tell me what portion of	3 4 5	this litigation. I think you understand fully why I'm asking the questions, and I just have a couple more, if you will bear	
4 5 6	 Q. Is it more than 30? A. I don't know. Q. Can you tell me what portion of Skyview – Skyview's revenue is derived from 	3 4 5 6	this litigation. I think you understand fully why I'm asking the questions, and I just have a couple more, if you will bear with me.	
4 5 6 7	 Q. Is it more than 30? A. I don't know. Q. Can you tell me what portion of Skyview – Skyview's revenue is derived from entities that are directly or indirectly owned 	3 4 5 6 7	this litigation. I think you understand fully why I'm asking the questions, and I just have a couple more, if you will bear with me. MS. DANDENEAU: Okay.	
4 5 6 7 8	Q. Is it more than 30? A. I don't know. Q. Can you tell me what portion of Skyview – Skyview's revenue is derived from entities that are directly or indirectly owned or controlled by Jim Dondero?	3 4 5 6 7 8	this litigation. I think you understand fully why I'm asking the questions, and I just have a couple more, if you will bear with me. MS. DANDENEAU: Okay. MS. DEITSCH-PEREZ: Can we have an	
4 5 6 7 8 9	 Q. Is it more than 30? A. I don't know. Q. Can you tell me what portion of Skyview – Skyview's revenue is derived from entities that are directly or indirectly owned or controlled by Jim Dondero? MS. DANDENEAU: Mr. Morris, I mean, 	3 4 5 6 7 8 9	this litigation. I think you understand fully why I'm asking the questions, and I just have a couple more, if you will bear with me. MS. DANDENEAU: Okay. MS. DEITSCH-PEREZ: Can we have an agreement that an objection by one is an	
4 5 6 7 8 9 10	 Q. Is it more than 30? A. I don't know. Q. Can you tell me what portion of Skyview – Skyview's revenue is derived from entities that are directly or indirectly owned or controlled by Jim Dondero? MS. DANDENEAU: Mr. Morris, I mean, you called Mr. Waterhouse here individually 	3 4 5 6 7 8 9	this litigation. I think you understand fully why I'm asking the questions, and I just have a couple more, if you will bear with me. MS. DANDENEAU: Okay. MS. DEITSCH-PEREZ: Can we have an agreement that an objection by one is an objection for any other party here?	
4 5 6 7 8 9 10 11	 Q. Is it more than 30? A. I don't know. Q. Can you tell me what portion of Skyview – Skyview's revenue is derived from entities that are directly or indirectly owned or controlled by Jim Dondero? MS. DANDENEAU: Mr. Morris, I mean, you called Mr. Waterhouse here individually for purposes of his testimony in connection 	3 4 5 6 7 8 9 10	this litigation. I think you understand fully why I'm asking the questions, and I just have a couple more, if you will bear with me. MS. DANDENEAU: Okay. MS. DEITSCH-PEREZ: Can we have an agreement that an objection by one is an objection for any other party here? MR. MORRIS: Sure. I would – I	
4 5 6 7 8 9 10 11 12	Q. Is it more than 30? A. I don't know. Q. Can you tell me what portion of Skyview – Skyview's revenue is derived from entities that are directly or indirectly owned or controlled by Jim Dondero? MS. DANDENEAU: Mr. Morris, I mean, you called Mr. Waterhouse here individually for purposes of his testimony in connection with the noticed litigation. I have given	3 4 5 6 7 8 9 10 11 12	this litigation. I think you understand fully why I'm asking the questions, and I just have a couple more, if you will bear with me. MS. DANDENEAU: Okay. MS. DEITSCH-PEREZ: Can we have an agreement that an objection by one is an objection for any other party here? MR. MORRIS: Sure. I would – I would encourage that, sure.	
4 5 6 7 8 9 10 11 12 13	Q. Is it more than 30? A. I don't know. Q. Can you tell me what portion of Skyview – Skyview's revenue is derived from entities that are directly or indirectly owned or controlled by Jim Dondero? MS. DANDENEAU: Mr. Morris, I mean, you called Mr. Waterhouse here individually for purposes of his testimony in connection with the noticed litigation. I have given you some leeway to ask him some background	3 4 5 6 7 8 9 10 11 12 13	this litigation. I think you understand fully why I'm asking the questions, and I just have a couple more, if you will bear with me. MS. DANDENEAU: Okay. MS. DEITSCH-PEREZ: Can we have an agreement that an objection by one is an objection for any other party here? MR. MORRIS: Sure. I would – I would encourage that, sure. MS. DEITSCH-PEREZ: Thank you.	
4 5 6 7 8 9 10 11 12 13 14	Q. Is it more than 30? A. I don't know. Q. Can you tell me what portion of Skyview – Skyview's revenue is derived from entities that are directly or indirectly owned or controlled by Jim Dondero? MS. DANDENEAU: Mr. Morris, I mean, you called Mr. Waterhouse here individually for purposes of his testimony in connection with the noticed litigation. I have given you some leeway to ask him some background information about Skyview Group, but this	3 4 5 6 7 8 9 10 11 12 13 14	this litigation. I think you understand fully why I'm asking the questions, and I just have a couple more, if you will bear with me. MS. DANDENEAU: Okay. MS. DEITSCH-PEREZ: Can we have an agreement that an objection by one is an objection for any other party here? MR. MORRIS: Sure. I would – I would encourage that, sure. MS. DEITSCH-PEREZ: Thank you. MR. MORRIS: It can't be sustained	
4 5 6 7 8 9 10 11 12 13 14 15	Q. Is it more than 30? A. I don't know. Q. Can you tell me what portion of Skyview – Skyview's revenue is derived from entities that are directly or indirectly owned or controlled by Jim Dondero? MS. DANDENEAU: Mr. Morris, I mean, you called Mr. Waterhouse here individually for purposes of his testimony in connection with the noticed litigation. I have given you some leeway to ask him some background information about Skyview Group, but this is not a substitute for a deposition in	3 4 5 6 7 8 9 10 11 12 13 14 15	this litigation. I think you understand fully why I'm asking the questions, and I just have a couple more, if you will bear with me. MS. DANDENEAU: Okay. MS. DEITSCH-PEREZ: Can we have an agreement that an objection by one is an objection for any other party here? MR. MORRIS: Sure. I would – I would encourage that, sure. MS. DEITSCH-PEREZ: Thank you. MR. MORRIS: It can't be sustained or overruled more than one time, so	
4 5 6 7 8 9 10 11 12 13 14 15 16	Q. Is it more than 30? A. I don't know. Q. Can you tell me what portion of Skyview – Skyview's revenue is derived from entities that are directly or indirectly owned or controlled by Jim Dondero? MS. DANDENEAU: Mr. Morris, I mean, you called Mr. Waterhouse here individually for purposes of his testimony in connection with the noticed litigation. I have given you some leeway to ask him some background information about Skyview Group, but this is not a substitute for a deposition in connection with any other pending disputes	3 4 5 6 7 8 9 10 11 12 13 14 15 16	this litigation. I think you understand fully why I'm asking the questions, and I just have a couple more, if you will bear with me. MS. DANDENEAU: Okay. MS. DEITSCH-PEREZ: Can we have an agreement that an objection by one is an objection for any other party here? MR. MORRIS: Sure. I would – I would encourage that, sure. MS. DEITSCH-PEREZ: Thank you. MR. MORRIS: It can't be sustained or overruled more than one time, so Q. Mr. Waterhouse, can you answer my	
4 5 6 7 8 9 10 11 12 13 14 15 16 17	Q. Is it more than 30? A. I don't know. Q. Can you tell me what portion of Skyview – Skyview's revenue is derived from entities that are directly or indirectly owned or controlled by Jim Dondero? MS. DANDENEAU: Mr. Morris, I mean, you called Mr. Waterhouse here individually for purposes of his testimony in connection with the noticed litigation. I have given you some leeway to ask him some background information about Skyview Group, but this is not a substitute for a deposition in connection with any other pending disputes that exist. And – and we agreed to accept	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	this litigation. I think you understand fully why I'm asking the questions, and I just have a couple more, if you will bear with me. MS. DANDENEAU: Okay. MS. DEITSCH-PEREZ: Can we have an agreement that an objection by one is an objection for any other party here? MR. MORRIS: Sure. I would – I would encourage that, sure. MS. DEITSCH-PEREZ: Thank you. MR. MORRIS: It can't be sustained or overruled more than one time, so Q. Mr. Waterhouse, can you answer my question, please.	
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. Is it more than 30? A. I don't know. Q. Can you tell me what portion of Skyview – Skyview's revenue is derived from entities that are directly or indirectly owned or controlled by Jim Dondero? MS. DANDENEAU: Mr. Morris, I mean, you called Mr. Waterhouse here individually for purposes of his testimony in connection with the noticed litigation. I have given you some leeway to ask him some background information about Skyview Group, but this is not a substitute for a deposition in connection with any other pending disputes that exist. And – and we agreed to accept the subpoena on the basis of he – this is	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	this litigation. I think you understand fully why I'm asking the questions, and I just have a couple more, if you will bear with me. MS. DANDENEAU: Okay. MS. DEITSCH-PEREZ: Can we have an agreement that an objection by one is an objection for any other party here? MR. MORRIS: Sure. I would – I would encourage that, sure. MS. DEITSCH-PEREZ: Thank you. MR. MORRIS: It can't be sustained or overruled more than one time, so Q. Mr. Waterhouse, can you answer my question, please. MS. DANDENEAU: Do you want to	
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	Q. Is it more than 30? A. I don't know. Q. Can you tell me what portion of Skyview – Skyview's revenue is derived from entities that are directly or indirectly owned or controlled by Jim Dondero? MS. DANDENEAU: Mr. Morris, I mean, you called Mr. Waterhouse here individually for purposes of his testimony in connection with the noticed litigation. I have given you some leeway to ask him some background information about Skyview Group, but this is not a substitute for a deposition in connection with any other pending disputes that exist. And – and we agreed to accept the subpoena on the basis of he – this is testimony that he is giving in connection	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	this litigation. I think you understand fully why I'm asking the questions, and I just have a couple more, if you will bear with me. MS. DANDENEAU: Okay. MS. DEITSCH-PEREZ: Can we have an agreement that an objection by one is an objection for any other party here? MR. MORRIS: Sure. I would – I would encourage that, sure. MS. DEITSCH-PEREZ: Thank you. MR. MORRIS: It can't be sustained or overruled more than one time, so Q. Mr. Waterhouse, can you answer my question, please. MS. DANDENEAU: Do you want to repeat it, Mr. Morris, for his benefit?	
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Q. Is it more than 30? A. I don't know. Q. Can you tell me what portion of Skyview – Skyview's revenue is derived from entities that are directly or indirectly owned or controlled by Jim Dondero? MS. DANDENEAU: Mr. Morris, I mean, you called Mr. Waterhouse here individually for purposes of his testimony in connection with the noticed litigation. I have given you some leeway to ask him some background information about Skyview Group, but this is not a substitute for a deposition in connection with any other pending disputes that exist. And – and we agreed to accept the subpoena on the basis of he – this is testimony that he is giving in connection with the noticed litigation.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	this litigation. I think you understand fully why I'm asking the questions, and I just have a couple more, if you will bear with me. MS. DANDENEAU: Okay. MS. DEITSCH-PEREZ: Can we have an agreement that an objection by one is an objection for any other party here? MR. MORRIS: Sure. I would – I would encourage that, sure. MS. DEITSCH-PEREZ: Thank you. MR. MORRIS: It can't be sustained or overruled more than one time, so Q. Mr. Waterhouse, can you answer my question, please. MS. DANDENEAU: Do you want to repeat it, Mr. Morris, for his benefit? MR. MORRIS: Sure.	
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. Is it more than 30? A. I don't know. Q. Can you tell me what portion of Skyview – Skyview's revenue is derived from entities that are directly or indirectly owned or controlled by Jim Dondero? MS. DANDENEAU: Mr. Morris, I mean, you called Mr. Waterhouse here individually for purposes of his testimony in connection with the noticed litigation. I have given you some leeway to ask him some background information about Skyview Group, but this is not a substitute for a deposition in connection with any other pending disputes that exist. And – and we agreed to accept the subpoena on the basis of he – this is testimony that he is giving in connection with the noticed litigation. I really think that you are now	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	this litigation. I think you understand fully why I'm asking the questions, and I just have a couple more, if you will bear with me. MS. DANDENEAU: Okay. MS. DEITSCH-PEREZ: Can we have an agreement that an objection by one is an objection for any other party here? MR. MORRIS: Sure. I would – I would encourage that, sure. MS. DEITSCH-PEREZ: Thank you. MR. MORRIS: It can't be sustained or overruled more than one time, so Q. Mr. Waterhouse, can you answer my question, please. MS. DANDENEAU: Do you want to repeat it, Mr. Morris, for his benefit? MR. MORRIS: Sure. Q. Can you – can you tell me the	
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. Is it more than 30? A. I don't know. Q. Can you tell me what portion of Skyview – Skyview's revenue is derived from entities that are directly or indirectly owned or controlled by Jim Dondero? MS. DANDENEAU: Mr. Morris, I mean, you called Mr. Waterhouse here individually for purposes of his testimony in connection with the noticed litigation. I have given you some leeway to ask him some background information about Skyview Group, but this is not a substitute for a deposition in connection with any other pending disputes that exist. And – and we agreed to accept the subpoena on the basis of he – this is testimony that he is giving in connection with the noticed litigation. I really think that you are now going a little bit far afield from the	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	this litigation. I think you understand fully why I'm asking the questions, and I just have a couple more, if you will bear with me. MS. DANDENEAU: Okay. MS. DEITSCH-PEREZ: Can we have an agreement that an objection by one is an objection for any other party here? MR. MORRIS: Sure. I would – I would encourage that, sure. MS. DEITSCH-PEREZ: Thank you. MR. MORRIS: It can't be sustained or overruled more than one time, so Q. Mr. Waterhouse, can you answer my question, please. MS. DANDENEAU: Do you want to repeat it, Mr. Morris, for his benefit? MR. MORRIS: Sure. Q. Can you – can you tell me the approximate portion of Skyview's revenue that	
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. Is it more than 30? A. I don't know. Q. Can you tell me what portion of Skyview – Skyview's revenue is derived from entities that are directly or indirectly owned or controlled by Jim Dondero? MS. DANDENEAU: Mr. Morris, I mean, you called Mr. Waterhouse here individually for purposes of his testimony in connection with the noticed litigation. I have given you some leeway to ask him some background information about Skyview Group, but this is not a substitute for a deposition in connection with any other pending disputes that exist. And – and we agreed to accept the subpoena on the basis of he – this is testimony that he is giving in connection with the noticed litigation. I really think that you are now going a little bit far afield from the purpose of this deposition.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	this litigation. I think you understand fully why I'm asking the questions, and I just have a couple more, if you will bear with me. MS. DANDENEAU: Okay. MS. DEITSCH-PEREZ: Can we have an agreement that an objection by one is an objection for any other party here? MR. MORRIS: Sure. I would — I would encourage that, sure. MS. DEITSCH-PEREZ: Thank you. MR. MORRIS: It can't be sustained or overruled more than one time, so Q. Mr. Waterhouse, can you answer my question, please. MS. DANDENEAU: Do you want to repeat it, Mr. Morris, for his benefit? MR. MORRIS: Sure. Q. Can you — can you tell me the approximate portion of Skyview's revenue that is derived from entities that are directly or	
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	Q. Is it more than 30? A. I don't know. Q. Can you tell me what portion of Skyview – Skyview's revenue is derived from entities that are directly or indirectly owned or controlled by Jim Dondero? MS. DANDENEAU: Mr. Morris, I mean, you called Mr. Waterhouse here individually for purposes of his testimony in connection with the noticed litigation. I have given you some leeway to ask him some background information about Skyview Group, but this is not a substitute for a deposition in connection with any other pending disputes that exist. And – and we agreed to accept the subpoena on the basis of he – this is testimony that he is giving in connection with the noticed litigation. I really think that you are now going a little bit far afield from the purpose of this deposition. MR. MORRIS: Okay. It is – I'm not	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	this litigation. I think you understand fully why I'm asking the questions, and I just have a couple more, if you will bear with me. MS. DANDENEAU: Okay. MS. DEITSCH-PEREZ: Can we have an agreement that an objection by one is an objection for any other party here? MR. MORRIS: Sure. I would – I would encourage that, sure. MS. DEITSCH-PEREZ: Thank you. MR. MORRIS: It can't be sustained or overruled more than one time, so Q. Mr. Waterhouse, can you answer my question, please. MS. DANDENEAU: Do you want to repeat it, Mr. Morris, for his benefit? MR. MORRIS: Sure. Q. Can you – can you tell me the approximate portion of Skyview's revenue that is derived from entities that are directly or indirectly owned or controlled by Mr. Dondero?	
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. Is it more than 30? A. I don't know. Q. Can you tell me what portion of Skyview – Skyview's revenue is derived from entities that are directly or indirectly owned or controlled by Jim Dondero? MS. DANDENEAU: Mr. Morris, I mean, you called Mr. Waterhouse here individually for purposes of his testimony in connection with the noticed litigation. I have given you some leeway to ask him some background information about Skyview Group, but this is not a substitute for a deposition in connection with any other pending disputes that exist. And – and we agreed to accept the subpoena on the basis of he – this is testimony that he is giving in connection with the noticed litigation. I really think that you are now going a little bit far afield from the purpose of this deposition.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	this litigation. I think you understand fully why I'm asking the questions, and I just have a couple more, if you will bear with me. MS. DANDENEAU: Okay. MS. DEITSCH-PEREZ: Can we have an agreement that an objection by one is an objection for any other party here? MR. MORRIS: Sure. I would — I would encourage that, sure. MS. DEITSCH-PEREZ: Thank you. MR. MORRIS: It can't be sustained or overruled more than one time, so Q. Mr. Waterhouse, can you answer my question, please. MS. DANDENEAU: Do you want to repeat it, Mr. Morris, for his benefit? MR. MORRIS: Sure. Q. Can you — can you tell me the approximate portion of Skyview's revenue that is derived from entities that are directly or	

_				
1	Page 18 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 19
2	Q. Is it more than 75 percent?	2	A. 2011 or 2012.	
3	A. Yes.	3	Q. Did you serve as Highland's CFO on a	
4	Q. Is it more than 90 percent?	4	continuous basis from in or around 2011 or 2012	
5	A. I don't know.	5	until early 2021?	
6	Q. Okay. Can I refer to Highland	6	A. Yes.	
7	Capital Management, L.P., as Highland?	7	Q. During that entire time you reported	
8	A. Yes.	8	directly to Jim Dondero; correct?	
9	Q. All right. And you previously	9	A. I – I don't know.	
10	served as Highland's CFO; correct?	10	Q. Is there anybody else you reported	
11	A. Yes.	11	to — withdrawn.	
12	Q. When did you join Highland?	12	Did you report to Mr. Dondero for	
13	A. I don't recall the exact date.	13	some portion of the time that you served as	
14	Q. Can you tell me what year?	14		
15	A. 2006.	15	A. Yes.	
16	Q. When did you – in what year did you	16	Q. Is there a portion of time that you	
17	become Highland's CFO?	17		
18	A. I don't recall the exact date.	18	A. Yes.	
19	Q. I'm not asking you for the exact	19	Q. What portion of time do you have in	
1	date. I'm asking you if you recall the year in			
20	which you were appointed CFO.	20	your mind when you can't recall who you reported to?	
21		22	A. From the 2011 to – for	
22 23	A. I don't recall the exact year.			
1	Q. Can you tell me which years it is	23	approximately a year or two.	
24	possible that you were appointed to CFO of	24	Q. Okay. So is it fair to say that you	
25	Highland?	25	reported to Mr. Dondero in your capacity as CFO	
	Page 20		MATERIALISE 40 40 04	Page 21
	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	
2	from at least 2014 until the time you left	2	Q. Who might you have reported to in	
3	Highland?	3	your capacity as CFO before you started	
4	MS. DANDENEAU: Objection to form.	4	reporting to Mr. Dondero?	
5	A. I don't want to speculate the exact	5	A. That would have been Patrick Boyce.	
6	or what year that changed or – so I would like	6	Q. Are you aware that Highland filed	
′	to stick with my testimony.	/	for bankruptcy on October 19th, 2019?	
8	Q. Can you recall when you began	8	A. Yes.	
9	reporting to Mr. Dondero?	9	Q. And we refer to that as the petition	
10	A. I don't recall.	10		
11	Q. Can you – can you give me an	11	A. Yes.	
12		12	Q. Okay. Do you hold any professional	
13	began reporting to Mr. Dondero?	13	licenses, sir?	
14	A. I will go back to my prior	14	A. Yes.	
15	,	15	Q. Can you tell me what professional	
16		16	licenses you hold?	
17	ability to tell me when you began reporting to	17	A. I'm a certified public accountant.	
18	Mr. Dondero.	18	Q. Okay. Anything else?	
19	Do I have that right?	19	A. No.	
20	MS. DANDENEAU: Objection to form.	20	Q. Do you have any other professional	
21	A. I don't recall.	21	licenses or certificates?	
22	Q. Okay. Do you recall who you might	22	A. When you say "professional license,"	
23	, , , , ,	23	that is not education?	
24		24	Q. Tell me – sure. Anything other	
25	A. Yes.	25	than a driver's license.	
1				

	Page 22		Page 23
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21
2	Do you have any other license or	2	A. Yes.
3	certificate or certification?	3	Q. Were you ever employed by HCMFA?
4	A. Are you asking, like, where I went	4	A. Not that I recall.
5	to school and the –	5	Q. Were you ever – did you ever hold
6	Q. I am not. I am not. I didn't say	6	the title of an officer or director of HCMFA?
7	education. I didn't ask about degrees.	7	A. Yes.
8	Do you know what a license is?	8	Q. What title did you hold?
9	A. Well, yeah, I mean, a license is	9	A. Treasurer.
10	something you get after you receive a certain	10	•
11	level of proficiency.	11	HCMFA?
12	Q. Do you have any licenses or	12	A. I don't recall.
13	certifications other than your CPA?	13	Q. Can you tell me the year?
14	MS. DANDENEAU: Objection, form.	14	A. I don't – I don't know the year.
15	I assume you mean professional	15	Q. Can you approximate the year in
16	licenses, Mr. Morris; correct?	16	which you became the treasurer of HCMFA?
17	Q. Can you answer my question, sir?	17	A. I don't know.
18	A. Mr. Morris, I'm thinking. I	18	Q. Can you tell me if it was before or
19	don't I don't think I have any others.	19	after 2016?
20	Q. Are you familiar with an entity	20	A. I don't recall.
21	called Highland Capital Management Fund	21	Q. Are you still the – do you know if
22	Advisors?	22	you're still the treasurer of HCMFA today?
23	A. Yes.	23	A. Today, I am the acting treasurer for
24	Q. Were you ever – can we refer to	24	HCMFA.
25	that entity as HCMFA?	25	Q. Is there a distinction between
⊢	D 04		
ı	Page 24		Page 25
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21
2	WATERHOUSE - 10-19-21 treasurer and acting treasurer?	2	WATERHOUSE - 10-19-21 the treasurer of CF- — HCMFA for the first
۱ ـ	WATERHOUSE - 10-19-21 treasurer and acting treasurer? A. I said "acting treasurer" as I am an	_	WATERHOUSE - 10-19-21 the treasurer of CF HCMFA for the first time?
2	WATERHOUSE - 10-19-21 treasurer and acting treasurer? A. I said "acting treasurer" as I am an employee of Skyview, as you previously	2	WATERHOUSE - 10-19-21 the treasurer of CF HCMFA for the first time? A. I don't I mean, there would be
2 3 4 5	WATERHOUSE - 10-19-21 treasurer and acting treasurer? A. I said "acting treasurer" as I am an employee of Skyview, as you previously stated – or asked.	2 3 4 5	WATERHOUSE - 10-19-21 the treasurer of CF- — HCMFA for the first time? A. I don't — I mean, there would be some documents, some legal documents. I don't
2 3 4 5 6	WATERHOUSE - 10-19-21 treasurer and acting treasurer? A. I said "acting treasurer" as I am an employee of Skyview, as you previously stated – or asked. Q. But you are the treasurer of HCMFA	2 3 4 5 6	WATERHOUSE - 10-19-21 the treasurer of CF HCMFA for the first time? A. I don't I mean, there would be some documents, some legal documents. I don't know where those are.
2 3 4 5	WATERHOUSE - 10-19-21 treasurer and acting treasurer? A. I said "acting treasurer" as I am an employee of Skyview, as you previously stated or asked. Q. But you are the treasurer of HCMFA today; correct?	2 3 4 5	WATERHOUSE - 10-19-21 the treasurer of CF- — HCMFA for the first time? A. I don't — I mean, there would be some documents, some legal documents. I don't know where those are. Q. How many times have you been
2 3 4 5 6	WATERHOUSE - 10-19-21 treasurer and acting treasurer? A. I said "acting treasurer" as I am an employee of Skyview, as you previously stated – or asked. Q. But you are the treasurer of HCMFA today; correct? A. I am – I am the acting treasurer	2 3 4 5 6	WATERHOUSE - 10-19-21 the treasurer of CF- — HCMFA for the first time? A. I don't — I mean, there would be some documents, some legal documents. I don't know where those are. Q. How many times have you been appointed the treasurer of HCMFA?
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 treasurer and acting treasurer? A. I said "acting treasurer" as I am an employee of Skyview, as you previously stated – or asked. Q. But you are the treasurer of HCMFA today; correct? A. I am – I am the acting treasurer for HCMFA.	2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 the treasurer of CF HCMFA for the first time? A. I don't I mean, there would be some documents, some legal documents. I don't know where those are. Q. How many times have you been appointed the treasurer of HCMFA? A. I don't know.
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 treasurer and acting treasurer? A. I said "acting treasurer" as I am an employee of Skyview, as you previously stated — or asked. Q. But you are the treasurer of HCMFA today; correct? A. I am — I am the acting treasurer for HCMFA. Q. How did you become the treasurer of	2 3 4 5 6 7 8 9 10	WATERHOUSE - 10-19-21 the treasurer of CF HCMFA for the first time? A. I don't I mean, there would be some documents, some legal documents. I don't know where those are. Q. How many times have you been appointed the treasurer of HCMFA? A. I don't know. Q. Was it more than once?
2 3 4 5 6 7 8 9 10 11	WATERHOUSE - 10-19-21 treasurer and acting treasurer? A. I said "acting treasurer" as I am an employee of Skyview, as you previously stated – or asked. Q. But you are the treasurer of HCMFA today; correct? A. I am – I am the acting treasurer for HCMFA. Q. How did you become the treasurer of HCMFA?	2 3 4 5 6 7 8 9 10	WATERHOUSE - 10-19-21 the treasurer of CF- — HCMFA for the first time? A. I don't — I mean, there would be some documents, some legal documents. I don't know where those are. Q. How many times have you been appointed the treasurer of HCMFA? A. I don't know. Q. Was it more than once? A. I don't know.
2 3 4 5 6 7 8 9 10 11 12	WATERHOUSE - 10-19-21 treasurer and acting treasurer? A. I said "acting treasurer" as I am an employee of Skyview, as you previously stated – or asked. Q. But you are the treasurer of HCMFA today; correct? A. I am – I am the acting treasurer for HCMFA. Q. How did you become the treasurer of HCMFA? A. Are you asking how I became the	2 3 4 5 6 7 8 9 10 11 12	WATERHOUSE - 10-19-21 the treasurer of CF- — HCMFA for the first time? A. I don't — I mean, there would be some documents, some legal documents. I don't know where those are. Q. How many times have you been appointed the treasurer of HCMFA? A. I don't know. Q. Was it more than once? A. I don't know. Q. Can you tell me any period of time
2 3 4 5 6 7 8 9 10 11 12 13	WATERHOUSE - 10-19-21 treasurer and acting treasurer? A. I said "acting treasurer" as I am an employee of Skyview, as you previously stated — or asked. Q. But you are the treasurer of HCMFA today; correct? A. I am — I am the acting treasurer for HCMFA. Q. How did you become the treasurer of HCMFA? A. Are you asking how I became the treasurer of HCMFA today?	2 3 4 5 6 7 8 9 10 11 12 13	WATERHOUSE - 10-19-21 the treasurer of CF- — HCMFA for the first time? A. I don't — I mean, there would be some documents, some legal documents. I don't know where those are. Q. How many times have you been appointed the treasurer of HCMFA? A. I don't know. Q. Was it more than once? A. I don't know. Q. Can you tell me any period of time since 2016 that you did not hold the title of
2 3 4 5 6 7 8 9 10 11 12 13 14	WATERHOUSE - 10-19-21 treasurer and acting treasurer? A. I said "acting treasurer" as I am an employee of Skyview, as you previously stated – or asked. Q. But you are the treasurer of HCMFA today; correct? A. I am – I am the acting treasurer for HCMFA. Q. How did you become the treasurer of HCMFA? A. Are you asking how I became the treasurer of HCMFA today? Q. How did you become appointed to	2 3 4 5 6 7 8 9 10 11 12 13 14	WATERHOUSE - 10-19-21 the treasurer of CF- — HCMFA for the first time? A. I don't — I mean, there would be some documents, some legal documents. I don't know where those are. Q. How many times have you been appointed the treasurer of HCMFA? A. I don't know. Q. Was it more than once? A. I don't know. Q. Can you tell me any period of time since 2016 that you did not hold the title of treasurer of HCMFA?
2 3 4 5 6 7 8 9 10 11 12 13 14 15	WATERHOUSE - 10-19-21 treasurer and acting treasurer? A. I said "acting treasurer" as I am an employee of Skyview, as you previously stated – or asked. Q. But you are the treasurer of HCMFA today; correct? A. I am – I am the acting treasurer for HCMFA. Q. How did you become the treasurer of HCMFA? A. Are you asking how I became the treasurer of HCMFA today? Q. How did you become appointed to serve as the treasurer of HCMFA?	2 3 4 5 6 7 8 9 10 11 12 13 14 15	WATERHOUSE - 10-19-21 the treasurer of CF- — HCMFA for the first time? A. I don't — I mean, there would be some documents, some legal documents. I don't know where those are. Q. How many times have you been appointed the treasurer of HCMFA? A. I don't know. Q. Was it more than once? A. I don't know. Q. Can you tell me any period of time since 2016 that you did not hold the title of treasurer of HCMFA? MS. DANDENEAU: Objection to form.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	WATERHOUSE - 10-19-21 treasurer and acting treasurer? A. I said "acting treasurer" as I am an employee of Skyview, as you previously stated – or asked. Q. But you are the treasurer of HCMFA today; correct? A. I am – I am the acting treasurer for HCMFA. Q. How did you become the treasurer of HCMFA? A. Are you asking how I became the treasurer of HCMFA today? Q. How did you become appointed to serve as the treasurer of HCMFA? A. Well, in – in – in what time	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	WATERHOUSE - 10-19-21 the treasurer of CF- — HCMFA for the first time? A. I don't — I mean, there would be some documents, some legal documents. I don't know where those are. Q. How many times have you been appointed the treasurer of HCMFA? A. I don't know. Q. Was it more than once? A. I don't know. Q. Can you tell me any period of time since 2016 that you did not hold the title of treasurer of HCMFA? MS. DANDENEAU: Objection to form. A. I don't recall.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	WATERHOUSE - 10-19-21 treasurer and acting treasurer? A. I said "acting treasurer" as I am an employee of Skyview, as you previously stated – or asked. Q. But you are the treasurer of HCMFA today; correct? A. I am – I am the acting treasurer for HCMFA. Q. How did you become the treasurer of HCMFA? A. Are you asking how I became the treasurer of HCMFA today? Q. How did you become appointed to serve as the treasurer of HCMFA? A. Well, in – in – in what time capacity?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	WATERHOUSE - 10-19-21 the treasurer of CF- — HCMFA for the first time? A. I don't — I mean, there would be some documents, some legal documents. I don't know where those are. Q. How many times have you been appointed the treasurer of HCMFA? A. I don't know. Q. Was it more than once? A. I don't know. Q. Can you tell me any period of time since 2016 that you did not hold the title of treasurer of HCMFA? MS. DANDENEAU: Objection to form. A. I don't recall. Q. What are your duties and
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	WATERHOUSE - 10-19-21 treasurer and acting treasurer? A. I said "acting treasurer" as I am an employee of Skyview, as you previously stated – or asked. Q. But you are the treasurer of HCMFA today; correct? A. I am – I am the acting treasurer for HCMFA. Q. How did you become the treasurer of HCMFA? A. Are you asking how I became the treasurer of HCMFA today? Q. How did you become appointed to serve as the treasurer of HCMFA? A. Well, in – in – in what time capacity? Q. The first time that you were	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	WATERHOUSE - 10-19-21 the treasurer of CF- — HCMFA for the first time? A. I don't — I mean, there would be some documents, some legal documents. I don't know where those are. Q. How many times have you been appointed the treasurer of HCMFA? A. I don't know. Q. Was it more than once? A. I don't know. Q. Can you tell me any period of time since 2016 that you did not hold the title of treasurer of HCMFA? MS. DANDENEAU: Objection to form. A. I don't recall. Q. What are your duties and responsibilities as the treasurer of HCMFA?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	treasurer and acting treasurer? A. I said "acting treasurer" as I am an employee of Skyview, as you previously stated – or asked. Q. But you are the treasurer of HCMFA today; correct? A. I am – I am the acting treasurer for HCMFA. Q. How did you become the treasurer of HCMFA? A. Are you asking how I became the treasurer of HCMFA today? Q. How did you become appointed to serve as the treasurer of HCMFA? A. Well, in – in – in what time capacity? Q. The first time that you were appointed.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	WATERHOUSE - 10-19-21 the treasurer of CF- — HCMFA for the first time? A. I don't — I mean, there would be some documents, some legal documents. I don't know where those are. Q. How many times have you been appointed the treasurer of HCMFA? A. I don't know. Q. Was it more than once? A. I don't know. Q. Can you tell me any period of time since 2016 that you did not hold the title of treasurer of HCMFA? MS. DANDENEAU: Objection to form. A. I don't recall. Q. What are your duties and responsibilities as the treasurer of HCMFA? A. My duties are to do the best job
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	treasurer and acting treasurer? A. I said "acting treasurer" as I am an employee of Skyview, as you previously stated – or asked. Q. But you are the treasurer of HCMFA today; correct? A. I am – I am the acting treasurer for HCMFA. Q. How did you become the treasurer of HCMFA? A. Are you asking how I became the treasurer of HCMFA today? Q. How did you become appointed to serve as the treasurer of HCMFA? A. Well, in – in – in what time capacity? Q. The first time that you were appointed. A. First time. I believe I was asked	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	WATERHOUSE - 10-19-21 the treasurer of CF- — HCMFA for the first time? A. I don't — I mean, there would be some documents, some legal documents. I don't know where those are. Q. How many times have you been appointed the treasurer of HCMFA? A. I don't know. Q. Was it more than once? A. I don't know. Q. Can you tell me any period of time since 2016 that you did not hold the title of treasurer of HCMFA? MS. DANDENEAU: Objection to form. A. I don't recall. Q. What are your duties and responsibilities as the treasurer of HCMFA? A. My duties are to do the best job
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	treasurer and acting treasurer? A. I said "acting treasurer" as I am an employee of Skyview, as you previously stated – or asked. Q. But you are the treasurer of HCMFA today; correct? A. I am – I am the acting treasurer for HCMFA. Q. How did you become the treasurer of HCMFA? A. Are you asking how I became the treasurer of HCMFA? A. Are you become appointed to serve as the treasurer of HCMFA? A. Well, in – in – in what time capacity? Q. The first time that you were appointed. A. First time. I believe I was asked to serve as treasurer for HCMFA the first time.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	the treasurer of CF- — HCMFA for the first time? A. I don't — I mean, there would be some documents, some legal documents. I don't know where those are. Q. How many times have you been appointed the treasurer of HCMFA? A. I don't know. Q. Was it more than once? A. I don't know. Q. Can you tell me any period of time since 2016 that you did not hold the title of treasurer of HCMFA? MS. DANDENEAU: Objection to form. A. I don't recall. Q. What are your duties and responsibilities as the treasurer of HCMFA? A. My duties are to do the best job that I can as the — as an accountant and finance guy.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	treasurer and acting treasurer? A. I said "acting treasurer" as I am an employee of Skyview, as you previously stated – or asked. Q. But you are the treasurer of HCMFA today; correct? A. I am – I am the acting treasurer for HCMFA. Q. How did you become the treasurer of HCMFA? A. Are you asking how I became the treasurer of HCMFA? A. Are you become appointed to serve as the treasurer of HCMFA? A. Well, in – in – in what time capacity? Q. The first time that you were appointed. A. First time. I believe I was asked to serve as treasurer for HCMFA the first time. Q. By who? Who asked you to do that?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	the treasurer of CF- — HCMFA for the first time? A. I don't — I mean, there would be some documents, some legal documents. I don't know where those are. Q. How many times have you been appointed the treasurer of HCMFA? A. I don't know. Q. Was it more than once? A. I don't know. Q. Can you tell me any period of time since 2016 that you did not hold the title of treasurer of HCMFA? MS. DANDENEAU: Objection to form. A. I don't recall. Q. What are your duties and responsibilities as the treasurer of HCMFA? A. My duties are to do the best job that I can as the — as an accountant and finance guy.
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	treasurer and acting treasurer? A. I said "acting treasurer" as I am an employee of Skyview, as you previously stated – or asked. Q. But you are the treasurer of HCMFA today; correct? A. I am – I am the acting treasurer for HCMFA. Q. How did you become the treasurer of HCMFA? A. Are you asking how I became the treasurer of HCMFA? A. Are you become appointed to serve as the treasurer of HCMFA? A. Well, in – in – in what time capacity? Q. The first time that you were appointed. A. First time. I believe I was asked to serve as treasurer for HCMFA the first time. Q. By who? Who asked you to do that? A. I don't recall.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	the treasurer of CF- — HCMFA for the first time? A. I don't — I mean, there would be some documents, some legal documents. I don't know where those are. Q. How many times have you been appointed the treasurer of HCMFA? A. I don't know. Q. Was it more than once? A. I don't know. Q. Can you tell me any period of time since 2016 that you did not hold the title of treasurer of HCMFA? MS. DANDENEAU: Objection to form. A. I don't recall. Q. What are your duties and responsibilities as the treasurer of HCMFA? A. My duties are to do the best job that I can as the — as an accountant and finance guy. Q. What specific duties and responsibilities do you have as the treasurer
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	treasurer and acting treasurer? A. I said "acting treasurer" as I am an employee of Skyview, as you previously stated – or asked. Q. But you are the treasurer of HCMFA today; correct? A. I am – I am the acting treasurer for HCMFA. Q. How did you become the treasurer of HCMFA? A. Are you asking how I became the treasurer of HCMFA? A. Are you asking how I became the treasurer of HCMFA today? Q. How did you become appointed to serve as the treasurer of HCMFA? A. Well, in – in – in what time capacity? Q. The first time that you were appointed. A. First time. I believe I was asked to serve as treasurer for HCMFA the first time. Q. By who? Who asked you to do that? A. I don't recall. Q. Is there anything that would refresh	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	the treasurer of CF- — HCMFA for the first time? A. I don't — I mean, there would be some documents, some legal documents. I don't know where those are. Q. How many times have you been appointed the treasurer of HCMFA? A. I don't know. Q. Was it more than once? A. I don't know. Q. Can you tell me any period of time since 2016 that you did not hold the title of treasurer of HCMFA? MS. DANDENEAU: Objection to form. A. I don't recall. Q. What are your duties and responsibilities as the treasurer of HCMFA? A. My duties are to do the best job that I can as the — as an accountant and finance guy. Q. What specific duties and responsibilities do you have as the treasurer of HCMFA?
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	treasurer and acting treasurer? A. I said "acting treasurer" as I am an employee of Skyview, as you previously stated – or asked. Q. But you are the treasurer of HCMFA today; correct? A. I am – I am the acting treasurer for HCMFA. Q. How did you become the treasurer of HCMFA? A. Are you asking how I became the treasurer of HCMFA? A. Are you become appointed to serve as the treasurer of HCMFA? A. Well, in – in – in what time capacity? Q. The first time that you were appointed. A. First time. I believe I was asked to serve as treasurer for HCMFA the first time. Q. By who? Who asked you to do that? A. I don't recall.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	the treasurer of CF- — HCMFA for the first time? A. I don't — I mean, there would be some documents, some legal documents. I don't know where those are. Q. How many times have you been appointed the treasurer of HCMFA? A. I don't know. Q. Was it more than once? A. I don't know. Q. Can you tell me any period of time since 2016 that you did not hold the title of treasurer of HCMFA? MS. DANDENEAU: Objection to form. A. I don't recall. Q. What are your duties and responsibilities as the treasurer of HCMFA? A. My duties are to do the best job that I can as the — as an accountant and finance guy. Q. What specific duties and responsibilities do you have as the treasurer of HCMFA?

	Page 26			Page 27
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	. ago
2	that I can as the accounting and finance person	2	A. I don't – I don't know.	
3	for HCMFA.	3	Q. You don't know?	
4	Q. As the accounting and finance person	4	You're the treasurer of HCMFA but	
5	for HCMFA, do you have any particular areas of	5	you don't know if HCMFA has a chief financial	
6	responsibility?	6	officer.	
7	A. Yeah, it is to manage the accounting	7	Do I have that right?	
8	and finance function for HCMFA.	8	A. That's right.	
9	Q. Would that include - do you have	9	Q. Okay. Have you heard of a company	
10	responsibility for overseeing HCMFA's annual	10	called NexPoint Advisors?	
11	audit?	11	A. Yes.	
12	A. Can I please elaborate on my prior	12	Q. We will refer to that as NexPoint.	
13	question?	13	Okay?	
14	Q. Of course. You – you are giving	14	A. Okay.	
15	answers. I'm asking questions.	15	Q. Were you ever employed by NexPoint?	
16	A. Okay. Yes, so the – it – like I	16	A. I don't recall.	
17	said, it is to manage the accounting finance	17	Q. Did you ever hold any title with	
18	aspect, but I am, as we discussed, the	18	respect to the entity known as NexPoint?	
19	treasurer. That is – being treasurer is what	19	A. Yes.	
20	gives me that – that management function.	20	Q. What titles have you held in	
21	Q. Does anybody report to you in your	21	relation to NexPoint?	
22	capacity as treasurer of HCMFA?	22	A. Treasurer. I think it was only	
23	A. I don't believe so.	23	treasurer.	
24	Q. Does HCMFA have a chief financial	24	Q. Can you tell me the approximate year	
25	officer?		you became the treasurer of NexPoint?	
1	Page 28			Page 20
1	Page 28 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 29
1 2		1 2	WATERHOUSE - 10-19-21 Q. And you serve as an officer of	Page 29
1	WATERHOUSE - 10-19-21			Page 29
2	WATERHOUSE - 10-19-21 A. I don't know.	2	Q. And you serve as an officer of	Page 29
2 3	WATERHOUSE - 10-19-21 A. I don't know. Q. Are you still the treasurer of	3	Q. And you serve as an officer of HCMFA; correct?	Page 29
2 3 4	WATERHOUSE - 10-19-21 A. I don't know. Q. Are you still the treasurer of NexPoint today?	2 3 4	Q. And you serve as an officer of HCMFA; correct? A. I think we went over that with my	Page 29
2 3 4 5	WATERHOUSE - 10-19-21 A. I don't know. Q. Are you still the treasurer of NexPoint today? A. I am the acting treasurer for	2 3 4 5	Q. And you serve as an officer ofHCMFA; correct?A. I think we went over that with mytestimony. Yes, I'm the acting treasurer for	Page 29
2 3 4 5 6	WATERHOUSE - 10-19-21 A. I don't know. Q. Are you still the treasurer of NexPoint today? A. I am the acting treasurer for NexPoint.	2 3 4 5 6	Q. And you serve as an officer of HCMFA; correct? A. I think we went over that with my testimony. Yes, I'm the acting treasurer for HCMFA.	Page 29
2 3 4 5 6 7	WATERHOUSE - 10-19-21 A. I don't know. Q. Are you still the treasurer of NexPoint today? A. I am the acting treasurer for NexPoint. Q. When did your title change from	2 3 4 5 6 7	 Q. And you serve as an officer of HCMFA; correct? A. I think we went over that with my testimony. Yes, I'm the acting treasurer for HCMFA. Q. And you are an officer of NexPoint; 	Page 29
2 3 4 5 6 7 8	WATERHOUSE - 10-19-21 A. I don't know. Q. Are you still the treasurer of NexPoint today? A. I am the acting treasurer for NexPoint. Q. When did your title change from treasurer to acting treasurer?	2 3 4 5 6 7 8	Q. And you serve as an officer of HCMFA; correct? A. I think we went over that with my testimony. Yes, I'm the acting treasurer for HCMFA. Q. And you are an officer of NexPoint; correct?	Page 29
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 A. I don't know. Q. Are you still the treasurer of NexPoint today? A. I am the acting treasurer for NexPoint. Q. When did your title change from treasurer to acting treasurer? A. I don't know.	2 3 4 5 6 7 8 9	Q. And you serve as an officer of HCMFA; correct? A. I think we went over that with my testimony. Yes, I'm the acting treasurer for HCMFA. Q. And you are an officer of NexPoint; correct? A. I think – I am the acting treasurer	Page 29
2 3 4 5 6 7 8 9 10	WATERHOUSE - 10-19-21 A. I don't know. Q. Are you still the treasurer of NexPoint today? A. I am the acting treasurer for NexPoint. Q. When did your title change from treasurer to acting treasurer? A. I don't know. Q. Did your duties and responsibilities	2 3 4 5 6 7 8 9 10	Q. And you serve as an officer of HCMFA; correct? A. I think we went over that with my testimony. Yes, I'm the acting treasurer for HCMFA. Q. And you are an officer of NexPoint; correct? A. I think – I am the acting treasurer for NexPoint Advisors.	Page 29
2 3 4 5 6 7 8 9 10 11	WATERHOUSE - 10-19-21 A. I don't know. Q. Are you still the treasurer of NexPoint today? A. I am the acting treasurer for NexPoint. Q. When did your title change from treasurer to acting treasurer? A. I don't know. Q. Did your duties and responsibilities change at all when your title was changed from	2 3 4 5 6 7 8 9 10	Q. And you serve as an officer of HCMFA; correct? A. I think we went over that with my testimony. Yes, I'm the acting treasurer for HCMFA. Q. And you are an officer of NexPoint; correct? A. I think – I am the acting treasurer for NexPoint Advisors. Q. And – and who appointed you acting	Page 29
2 3 4 5 6 7 8 9 10 11 12	WATERHOUSE - 10-19-21 A. I don't know. Q. Are you still the treasurer of NexPoint today? A. I am the acting treasurer for NexPoint. Q. When did your title change from treasurer to acting treasurer? A. I don't know. Q. Did your duties and responsibilities change at all when your title was changed from treasurer to acting treasurer?	2 3 4 5 6 7 8 9 10 11 12	Q. And you serve as an officer of HCMFA; correct? A. I think we went over that with my testimony. Yes, I'm the acting treasurer for HCMFA. Q. And you are an officer of NexPoint; correct? A. I think – I am the acting treasurer for NexPoint Advisors. Q. And – and who appointed you acting treasurer of NexPoint Advisors?	Page 29
2 3 4 5 6 7 8 9 10 11 12 13	WATERHOUSE - 10-19-21 A. I don't know. Q. Are you still the treasurer of NexPoint today? A. I am the acting treasurer for NexPoint. Q. When did your title change from treasurer to acting treasurer? A. I don't know. Q. Did your duties and responsibilities change at all when your title was changed from treasurer to acting treasurer? A. I don't – I don't believe so.	2 3 4 5 6 7 8 9 10 11 12 13	Q. And you serve as an officer of HCMFA; correct? A. I think we went over that with my testimony. Yes, I'm the acting treasurer for HCMFA. Q. And you are an officer of NexPoint; correct? A. I think – I am the acting treasurer for NexPoint Advisors. Q. And – and who appointed you acting treasurer of NexPoint Advisors? A. I don't recall specifically.	Page 29
2 3 4 5 6 7 8 9 10 11 12 13 14	WATERHOUSE - 10-19-21 A. I don't know. Q. Are you still the treasurer of NexPoint today? A. I am the acting treasurer for NexPoint. Q. When did your title change from treasurer to acting treasurer? A. I don't know. Q. Did your duties and responsibilities change at all when your title was changed from treasurer to acting treasurer? A. I don't – I don't believe so. Q. Why did –	2 3 4 5 6 7 8 9 10 11 12 13 14	Q. And you serve as an officer of HCMFA; correct? A. I think we went over that with my testimony. Yes, I'm the acting treasurer for HCMFA. Q. And you are an officer of NexPoint; correct? A. I think – I am the acting treasurer for NexPoint Advisors. Q. And – and who appointed you acting treasurer of NexPoint Advisors? A. I don't recall specifically. Q. Do you have any recollection of who	Page 29
2 3 4 5 6 7 8 9 10 11 12 13 14 15	WATERHOUSE - 10-19-21 A. I don't know. Q. Are you still the treasurer of NexPoint today? A. I am the acting treasurer for NexPoint. Q. When did your title change from treasurer to acting treasurer? A. I don't know. Q. Did your duties and responsibilities change at all when your title was changed from treasurer to acting treasurer? A. I don't — I don't believe so. Q. Why did — A. I still manage the finance and	2 3 4 5 6 7 8 9 10 11 12 13 14 15	Q. And you serve as an officer of HCMFA; correct? A. I think we went over that with my testimony. Yes, I'm the acting treasurer for HCMFA. Q. And you are an officer of NexPoint; correct? A. I think – I am the acting treasurer for NexPoint Advisors. Q. And – and who appointed you acting treasurer of NexPoint Advisors? A. I don't recall specifically. Q. Do you have any recollection of who might have appointed you the treasurer of	Page 29
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	WATERHOUSE - 10-19-21 A. I don't know. Q. Are you still the treasurer of NexPoint today? A. I am the acting treasurer for NexPoint. Q. When did your title change from treasurer to acting treasurer? A. I don't know. Q. Did your duties and responsibilities change at all when your title was changed from treasurer to acting treasurer? A. I don't — I don't believe so. Q. Why did — A. I still manage the finance and accounting function for NexPoint. Q. Why did your title change from	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	Q. And you serve as an officer of HCMFA; correct? A. I think we went over that with my testimony. Yes, I'm the acting treasurer for HCMFA. Q. And you are an officer of NexPoint; correct? A. I think – I am the acting treasurer for NexPoint Advisors. Q. And – and who appointed you acting treasurer of NexPoint Advisors? A. I don't recall specifically. Q. Do you have any recollection of who might have appointed you the treasurer of NexPoint? A. I mean, it – it – I don't recall	Page 29
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	WATERHOUSE - 10-19-21 A. I don't know. Q. Are you still the treasurer of NexPoint today? A. I am the acting treasurer for NexPoint. Q. When did your title change from treasurer to acting treasurer? A. I don't know. Q. Did your duties and responsibilities change at all when your title was changed from treasurer to acting treasurer? A. I don't – I don't believe so. Q. Why did – A. I still manage the finance and accounting function for NexPoint. Q. Why did your title change from treasurer to acting treasurer?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. And you serve as an officer of HCMFA; correct? A. I think we went over that with my testimony. Yes, I'm the acting treasurer for HCMFA. Q. And you are an officer of NexPoint; correct? A. I think – I am the acting treasurer for NexPoint Advisors. Q. And – and who appointed you acting treasurer of NexPoint Advisors? A. I don't recall specifically. Q. Do you have any recollection of who might have appointed you the treasurer of NexPoint? A. I mean, it – it – I don't recall exactly who it was.	Page 29
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	WATERHOUSE - 10-19-21 A. I don't know. Q. Are you still the treasurer of NexPoint today? A. I am the acting treasurer for NexPoint. Q. When did your title change from treasurer to acting treasurer? A. I don't know. Q. Did your duties and responsibilities change at all when your title was changed from treasurer to acting treasurer? A. I don't – I don't believe so. Q. Why did – A. I still manage the finance and accounting function for NexPoint. Q. Why did your title change from treasurer to acting treasurer? A. I don't – I'm using the term	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	Q. And you serve as an officer of HCMFA; correct? A. I think we went over that with my testimony. Yes, I'm the acting treasurer for HCMFA. Q. And you are an officer of NexPoint; correct? A. I think – I am the acting treasurer for NexPoint Advisors. Q. And – and who appointed you acting treasurer of NexPoint Advisors? A. I don't recall specifically. Q. Do you have any recollection of who might have appointed you the treasurer of NexPoint? A. I mean, it – it – I don't recall exactly who it was. Q. Who were the possibilities?	Page 29
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	WATERHOUSE - 10-19-21 A. I don't know. Q. Are you still the treasurer of NexPoint today? A. I am the acting treasurer for NexPoint. Q. When did your title change from treasurer to acting treasurer? A. I don't know. Q. Did your duties and responsibilities change at all when your title was changed from treasurer to acting treasurer? A. I don't – I don't believe so. Q. Why did – A. I still manage the finance and accounting function for NexPoint. Q. Why did your title change from treasurer to acting treasurer? A. I don't – I'm using the term "acting treasurer" as I'm a Skyview employee.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Q. And you serve as an officer of HCMFA; correct? A. I think we went over that with my testimony. Yes, I'm the acting treasurer for HCMFA. Q. And you are an officer of NexPoint; correct? A. I think – I am the acting treasurer for NexPoint Advisors. Q. And – and who appointed you acting treasurer of NexPoint Advisors? A. I don't recall specifically. Q. Do you have any recollection of who might have appointed you the treasurer of NexPoint? A. I mean, it – it – I don't recall exactly who it was. Q. Who were the possibilities? MS. DEITSCH-PEREZ: Object to the	Page 29
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	WATERHOUSE - 10-19-21 A. I don't know. Q. Are you still the treasurer of NexPoint today? A. I am the acting treasurer for NexPoint. Q. When did your title change from treasurer to acting treasurer? A. I don't know. Q. Did your duties and responsibilities change at all when your title was changed from treasurer to acting treasurer? A. I don't – I don't believe so. Q. Why did – A. I still manage the finance and accounting function for NexPoint. Q. Why did your title change from treasurer to acting treasurer? A. I don't – I'm using the term "acting treasurer" as I'm a Skyview employee. I don't – I don't know – again, I am a – as	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. And you serve as an officer of HCMFA; correct? A. I think we went over that with my testimony. Yes, I'm the acting treasurer for HCMFA. Q. And you are an officer of NexPoint; correct? A. I think – I am the acting treasurer for NexPoint Advisors. Q. And – and who appointed you acting treasurer of NexPoint Advisors? A. I don't recall specifically. Q. Do you have any recollection of who might have appointed you the treasurer of NexPoint? A. I mean, it – it – I don't recall exactly who it was. Q. Who were the possibilities? MS. DEITSCH-PEREZ: Object to the form.	Page 29
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	WATERHOUSE - 10-19-21 A. I don't know. Q. Are you still the treasurer of NexPoint today? A. I am the acting treasurer for NexPoint. Q. When did your title change from treasurer to acting treasurer? A. I don't know. Q. Did your duties and responsibilities change at all when your title was changed from treasurer to acting treasurer? A. I don't – I don't believe so. Q. Why did – A. I still manage the finance and accounting function for NexPoint. Q. Why did your title change from treasurer to acting treasurer? A. I don't – I'm using the term "acting treasurer" as I'm a Skyview employee. I don't – I don't know – again, I am a – as I am the Skyview employee.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. And you serve as an officer of HCMFA; correct? A. I think we went over that with my testimony. Yes, I'm the acting treasurer for HCMFA. Q. And you are an officer of NexPoint; correct? A. I think – I am the acting treasurer for NexPoint Advisors. Q. And – and who appointed you acting treasurer of NexPoint Advisors? A. I don't recall specifically. Q. Do you have any recollection of who might have appointed you the treasurer of NexPoint? A. I mean, it – it – I don't recall exactly who it was. Q. Who were the possibilities? MS. DEITSCH-PEREZ: Object to the form. Q. You can answer.	Page 29
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	WATERHOUSE - 10-19-21 A. I don't know. Q. Are you still the treasurer of NexPoint today? A. I am the acting treasurer for NexPoint. Q. When did your title change from treasurer to acting treasurer? A. I don't know. Q. Did your duties and responsibilities change at all when your title was changed from treasurer to acting treasurer? A. I don't – I don't believe so. Q. Why did – A. I still manage the finance and accounting function for NexPoint. Q. Why did your title change from treasurer to acting treasurer? A. I don't – I'm using the term "acting treasurer" as I'm a Skyview employee. I don't – I don't know – again, I am a – as I am the Skyview employee. Q. Okay.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	 Q. And you serve as an officer of HCMFA; correct? A. I think we went over that with my testimony. Yes, I'm the acting treasurer for HCMFA. Q. And you are an officer of NexPoint; correct? A. I think – I am the acting treasurer for NexPoint Advisors. Q. And – and who appointed you acting treasurer of NexPoint Advisors? A. I don't recall specifically. Q. Do you have any recollection of who might have appointed you the treasurer of NexPoint? A. I mean, it – it – I don't recall exactly who it was. Q. Who were the possibilities? MS. DEITSCH-PEREZ: Object to the form. Q. You can answer. A. Someone in the legal group for 	Page 29
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	WATERHOUSE - 10-19-21 A. I don't know. Q. Are you still the treasurer of NexPoint today? A. I am the acting treasurer for NexPoint. Q. When did your title change from treasurer to acting treasurer? A. I don't know. Q. Did your duties and responsibilities change at all when your title was changed from treasurer to acting treasurer? A. I don't – I don't believe so. Q. Why did – A. I still manage the finance and accounting function for NexPoint. Q. Why did your title change from treasurer to acting treasurer? A. I don't – I'm using the term "acting treasurer" as I'm a Skyview employee. I don't – I don't know – again, I am a – as I am the Skyview employee.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. And you serve as an officer of HCMFA; correct? A. I think we went over that with my testimony. Yes, I'm the acting treasurer for HCMFA. Q. And you are an officer of NexPoint; correct? A. I think – I am the acting treasurer for NexPoint Advisors. Q. And – and who appointed you acting treasurer of NexPoint Advisors? A. I don't recall specifically. Q. Do you have any recollection of who might have appointed you the treasurer of NexPoint? A. I mean, it – it – I don't recall exactly who it was. Q. Who were the possibilities? MS. DEITSCH-PEREZ: Object to the form. Q. You can answer.	Page 29

Page 3 1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21	Page 31
2 Highland Capital Management Services, Inc.?	2 responsibilities as the acting treasurer for	
3 A. Yes.	3 HCMS and the acting treasurer for NexPoint the	
4 Q. We will refer to that as HCMS.	4 same as your duties and responsibilities in	
5 Okay?	5 your role as the acting treasurer of HCMFA?	
6 A. HCMS. Okay.	6 A. More or less.	
7 Q. Were you ever employed by HCMS?	7 Q. Have you ever heard of a company	
8 A. No.	8 called HCRE Partners, LLC?	
9 Q. Have you ever held any titles in	9 A. Yes.	
10 relation to HCMF – I apologize – HCMS?	10 Q. And do you understand that that	
11 A. Yes.	11 entity is now known today as NexPoint Real	
12 Q. What titles have you held in	12 Estate Partners?	
13 relation to HCMS?	13 A. I did not know that.	
14 A. Treasurer and acting treasurer.	14 Q. All right. Can we refer to HCRE	
15 Q. When did you first become treasurer	15 Partners as HCRE?	
16 or acting treasurer of HCMS?	16 MS. DANDENEAU: Objection to form.	
17 A. I don't recall the exact dates.	17 Did you mean NexPoint Real Estate	
18 Q. Can you recall – can you	18 Partners, Mr. Morris?	
19 approximate the year that you became the	19 MR. MORRIS: No.	
20 treasurer of HCMS?	20 MS. DANDENEAU: Oh.	
21 A. I don't – I don't know.	21 MR. MORRIS: He said he wasn't	
22 Q. Are you still the treasurer of HCMS	22 familiar that it was succeeded by that	
23 today?	23 entity. So –	
24 A. I am the acting treasurer for HCMS.	24 MS. DANDENEAU: Okay.	
25 Q. And are your duties and	25 MR. MORRIS: – let's go with what	
•		
Page 3. 1 WATERHOUSE - 10-19-21	2 1	Page 33
	1 10 10 21	
2 the witness knows.	2 collectively as the retail funds; is that okay?	
the witness knows.Q. You're familiar with an entity	2 collectively as the retail funds; is that okay?	
3 Q. You're familiar with an entity	2 collectively as the retail funds; is that okay?3 A. Okay.	
3 Q. You're familiar with an entity	2 collectively as the retail funds; is that okay?3 A. Okay.	
Q. You're familiar with an entity4 called HCRE Partners, LLC; correct?	 2 collectively as the retail funds; is that okay? 3 A. Okay. 4 Q. Each of the retail funds is governed 	
 Q. You're familiar with an entity 4 called HCRE Partners, LLC; correct? A. Yes. 	 2 collectively as the retail funds; is that okay? 3 A. Okay. 4 Q. Each of the retail funds is governed 5 by a board; correct? 	
 Q. You're familiar with an entity 4 called HCRE Partners, LLC; correct? A. Yes. Q. Okay. So that is the entity that we 	 2 collectively as the retail funds; is that okay? 3 A. Okay. 4 Q. Each of the retail funds is governed 5 by a board; correct? 6 A. Yes. 	
 Q. You're familiar with an entity called HCRE Partners, LLC; correct? A. Yes. Q. Okay. So that is the entity that we will refer to as HCRE. If you're aware of any 	 2 collectively as the retail funds; is that okay? 3 A. Okay. 4 Q. Each of the retail funds is governed 5 by a board; correct? 6 A. Yes. 7 Q. And do you know the people who serve 	
 Q. You're familiar with an entity called HCRE Partners, LLC; correct? A. Yes. Q. Okay. So that is the entity that we will refer to as HCRE. If you're aware of any successor, that is great. If not, let's just 	 2 collectively as the retail funds; is that okay? 3 A. Okay. 4 Q. Each of the retail funds is governed 5 by a board; correct? 6 A. Yes. 7 Q. And do you know the people who serve 8 on the boards of the retail funds? 	
 Q. You're familiar with an entity called HCRE Partners, LLC; correct? A. Yes. Q. Okay. So that is the entity that we will refer to as HCRE. If you're aware of any successor, that is great. If not, let's just define it as such. 	 2 collectively as the retail funds; is that okay? 3 A. Okay. 4 Q. Each of the retail funds is governed 5 by a board; correct? 6 A. Yes. 7 Q. And do you know the people who serve 8 on the boards of the retail funds? 9 MS. DANDENEAU: Objection to form. 	
 Q. You're familiar with an entity called HCRE Partners, LLC; correct? A. Yes. Q. Okay. So that is the entity that we will refer to as HCRE. If you're aware of any successor, that is great. If not, let's just define it as such. Have you ever been employed by HCRE 	 2 collectively as the retail funds; is that okay? 3 A. Okay. 4 Q. Each of the retail funds is governed 5 by a board; correct? 6 A. Yes. 7 Q. And do you know the people who serve 8 on the boards of the retail funds? 9 MS. DANDENEAU: Objection to form. 10 A. I don't know all of them. 	
Q. You're familiar with an entity called HCRE Partners, LLC; correct? A. Yes. Q. Okay. So that is the entity that we will refer to as HCRE. If you're aware of any successor, that is great. If not, let's just define it as such. Have you ever been employed by HCRE or any entity that you know to have succeeded	 2 collectively as the retail funds; is that okay? 3 A. Okay. 4 Q. Each of the retail funds is governed 5 by a board; correct? 6 A. Yes. 7 Q. And do you know the people who serve 8 on the boards of the retail funds? 9 MS. DANDENEAU: Objection to form. 10 A. I don't know all of them. 11 Q. Do you know whether the same people 	
Q. You're familiar with an entity called HCRE Partners, LLC; correct? A. Yes. Q. Okay. So that is the entity that we will refer to as HCRE. If you're aware of any successor, that is great. If not, let's just define it as such. Have you ever been employed by HCRE or any entity that you know to have succeeded HCRE? A. No.	 2 collectively as the retail funds; is that okay? 3 A. Okay. 4 Q. Each of the retail funds is governed 5 by a board; correct? 6 A. Yes. 7 Q. And do you know the people who serve 8 on the boards of the retail funds? 9 MS. DANDENEAU: Objection to form. 10 A. I don't know all of them. 11 Q. Do you know whether the same people 12 serve on the board of each of the retail funds 13 as we've defined that term? 	
Q. You're familiar with an entity called HCRE Partners, LLC; correct? A. Yes. Q. Okay. So that is the entity that we will refer to as HCRE. If you're aware of any successor, that is great. If not, let's just define it as such. Have you ever been employed by HCRE or any entity that you know to have succeeded HCRE? A. No. Juic You're familiar with an entity Horizontal Successor.	 2 collectively as the retail funds; is that okay? 3 A. Okay. 4 Q. Each of the retail funds is governed 5 by a board; correct? 6 A. Yes. 7 Q. And do you know the people who serve 8 on the boards of the retail funds? 9 MS. DANDENEAU: Objection to form. 10 A. I don't know all of them. 11 Q. Do you know whether the same people 12 serve on the board of each of the retail funds 13 as we've defined that term? 	
Q. You're familiar with an entity called HCRE Partners, LLC; correct? A. Yes. Q. Okay. So that is the entity that we will refer to as HCRE. If you're aware of any successor, that is great. If not, let's just define it as such. Have you ever been employed by HCRE or any entity that you know to have succeeded HCRE? A. No. Juic you're familiar with an entity HCRE or any entity that is great. If not, let's just define it as such. URL OR	 2 collectively as the retail funds; is that okay? 3 A. Okay. 4 Q. Each of the retail funds is governed 5 by a board; correct? 6 A. Yes. 7 Q. And do you know the people who serve 8 on the boards of the retail funds? 9 MS. DANDENEAU: Objection to form. 10 A. I don't know all of them. 11 Q. Do you know whether the same people 12 serve on the board of each of the retail funds 13 as we've defined that term? 14 A. Which – so when you say "retail 15 funds" – again, I want to be – what retail 	
Q. You're familiar with an entity called HCRE Partners, LLC; correct? A. Yes. Q. Okay. So that is the entity that we will refer to as HCRE. If you're aware of any successor, that is great. If not, let's just define it as such. Have you ever been employed by HCRE or any entity that you know to have succeeded HCRE? A. No. July Q. Did you ever serve as an officer or director of HCRE or any successor? A. Not that I recall.	 2 collectively as the retail funds; is that okay? 3 A. Okay. 4 Q. Each of the retail funds is governed 5 by a board; correct? 6 A. Yes. 7 Q. And do you know the people who serve 8 on the boards of the retail funds? 9 MS. DANDENEAU: Objection to form. 10 A. I don't know all of them. 11 Q. Do you know whether the same people 12 serve on the board of each of the retail funds 13 as we've defined that term? 14 A. Which – so when you say "retail 15 funds" – again, I want to be – what retail 	
Q. You're familiar with an entity called HCRE Partners, LLC; correct? A. Yes. Q. Okay. So that is the entity that we will refer to as HCRE. If you're aware of any successor, that is great. If not, let's just define it as such. Have you ever been employed by HCRE or any entity that you know to have succeeded HCRE? A. No. Light Q. Did you ever serve as an officer or director of HCRE or any successor? A. Not that I recall. Q. Okay. Can we refer to NexPoint and	 2 collectively as the retail funds; is that okay? 3 A. Okay. 4 Q. Each of the retail funds is governed 5 by a board; correct? 6 A. Yes. 7 Q. And do you know the people who serve 8 on the boards of the retail funds? 9 MS. DANDENEAU: Objection to form. 10 A. I don't know all of them. 11 Q. Do you know whether the same people 12 serve on the board of each of the retail funds 13 as we've defined that term? 14 A. Which – so when you say "retail 15 funds" – again, I want to be – what retail 16 funds are you referring to, because there are 17 – there are several distinctions? 	
Q. You're familiar with an entity called HCRE Partners, LLC; correct? A. Yes. Q. Okay. So that is the entity that we will refer to as HCRE. If you're aware of any successor, that is great. If not, let's just define it as such. Have you ever been employed by HCRE or any entity that you know to have succeeded HCRE? A. No. Q. Did you ever serve as an officer or director of HCRE or any successor? A. Not that I recall. Q. Okay. Can we refer to NexPoint and	 2 collectively as the retail funds; is that okay? 3 A. Okay. 4 Q. Each of the retail funds is governed 5 by a board; correct? 6 A. Yes. 7 Q. And do you know the people who serve 8 on the boards of the retail funds? 9 MS. DANDENEAU: Objection to form. 10 A. I don't know all of them. 11 Q. Do you know whether the same people 12 serve on the board of each of the retail funds 13 as we've defined that term? 14 A. Which – so when you say "retail 15 funds" – again, I want to be – what retail 16 funds are you referring to, because there are 17 – there are several distinctions? 18 What retail funds are you using when 	
Q. You're familiar with an entity called HCRE Partners, LLC; correct? A. Yes. Q. Okay. So that is the entity that we will refer to as HCRE. If you're aware of any successor, that is great. If not, let's just define it as such. Have you ever been employed by HCRE or any entity that you know to have succeeded HCRE? A. No. Joid you ever serve as an officer or director of HCRE or any successor? A. Not that I recall. Q. Okay. Can we refer to NexPoint and HCMFA as the advisors?	 2 collectively as the retail funds; is that okay? 3 A. Okay. 4 Q. Each of the retail funds is governed 5 by a board; correct? 6 A. Yes. 7 Q. And do you know the people who serve 8 on the boards of the retail funds? 9 MS. DANDENEAU: Objection to form. 10 A. I don't know all of them. 11 Q. Do you know whether the same people 12 serve on the board of each of the retail funds 13 as we've defined that term? 14 A. Which – so when you say "retail 15 funds" – again, I want to be – what retail 16 funds are you referring to, because there are 17 – there are several distinctions? 18 What retail funds are you using when 19 you refer to them? 	
Q. You're familiar with an entity called HCRE Partners, LLC; correct? A. Yes. Q. Okay. So that is the entity that we will refer to as HCRE. If you're aware of any successor, that is great. If not, let's just define it as such. Have you ever been employed by HCRE or any entity that you know to have succeeded HCRE? A. No. Light Q. Did you ever serve as an officer or director of HCRE or any successor? A. Not that I recall. Q. Okay. Can we refer to NexPoint and HCMFA as the advisors? A. Yes. Q. In general, the advisors provided	 2 collectively as the retail funds; is that okay? 3 A. Okay. 4 Q. Each of the retail funds is governed 5 by a board; correct? 6 A. Yes. 7 Q. And do you know the people who serve 8 on the boards of the retail funds? 9 MS. DANDENEAU: Objection to form. 10 A. I don't know all of them. 11 Q. Do you know whether the same people 12 serve on the board of each of the retail funds 13 as we've defined that term? 14 A. Which – so when you say "retail 15 funds" – again, I want to be – what retail 16 funds are you referring to, because there are 17 – there are several distinctions? 18 What retail funds are you using when 19 you refer to them? 20 Q. That is why – that is why I tried 	
Q. You're familiar with an entity called HCRE Partners, LLC; correct? A. Yes. Q. Okay. So that is the entity that we will refer to as HCRE. If you're aware of any successor, that is great. If not, let's just define it as such. Have you ever been employed by HCRE or any entity that you know to have succeeded HCRE? A. No. U. Did you ever serve as an officer or director of HCRE or any successor? A. Not that I recall. Q. Okay. Can we refer to NexPoint and HCMFA as the advisors? A. Yes. U. In general, the advisors provided investment advisory services to certain retail	 2 collectively as the retail funds; is that okay? 3 A. Okay. 4 Q. Each of the retail funds is governed 5 by a board; correct? 6 A. Yes. 7 Q. And do you know the people who serve 8 on the boards of the retail funds? 9 MS. DANDENEAU: Objection to form. 10 A. I don't know all of them. 11 Q. Do you know whether the same people 12 serve on the board of each of the retail funds 13 as we've defined that term? 14 A. Which – so when you say "retail 15 funds" – again, I want to be – what retail 16 funds are you referring to, because there are 17 – there are several distinctions? 18 What retail funds are you using when 19 you refer to them? 20 Q. That is why – that is why I tried 21 to define the terms. So let me do it again. 	
Q. You're familiar with an entity called HCRE Partners, LLC; correct? A. Yes. Q. Okay. So that is the entity that we will refer to as HCRE. If you're aware of any successor, that is great. If not, let's just define it as such. Have you ever been employed by HCRE or any entity that you know to have succeeded HCRE? A. No. Joid you ever serve as an officer or director of HCRE or any successor? A. Not that I recall. Q. Okay. Can we refer to NexPoint and HCMFA as the advisors? A. Yes. Q. In general, the advisors provided investment advisory services to certain retail funds; correct?	 2 collectively as the retail funds; is that okay? 3 A. Okay. 4 Q. Each of the retail funds is governed 5 by a board; correct? 6 A. Yes. 7 Q. And do you know the people who serve 8 on the boards of the retail funds? 9 MS. DANDENEAU: Objection to form. 10 A. I don't know all of them. 11 Q. Do you know whether the same people 12 serve on the board of each of the retail funds 13 as we've defined that term? 14 A. Which – so when you say "retail 15 funds" – again, I want to be – what retail 16 funds are you referring to, because there are 17 – there are several distinctions? 18 What retail funds are you using when 19 you refer to them? 20 Q. That is why – that is why I tried 21 to define the terms. So let me do it again. 22 Retail funds for the purposes of 	
Q. You're familiar with an entity called HCRE Partners, LLC; correct? A. Yes. Q. Okay. So that is the entity that we will refer to as HCRE. If you're aware of any successor, that is great. If not, let's just define it as such. Have you ever been employed by HCRE or any entity that you know to have succeeded HCRE? A. No. Joid you ever serve as an officer or director of HCRE or any successor? A. Not that I recall. Q. Okay. Can we refer to NexPoint and HCMFA as the advisors? A. Yes. Q. In general, the advisors provided investment advisory services to certain retail funds; correct? A. Yes.	 2 collectively as the retail funds; is that okay? 3 A. Okay. 4 Q. Each of the retail funds is governed 5 by a board; correct? 6 A. Yes. 7 Q. And do you know the people who serve 8 on the boards of the retail funds? 9 MS. DANDENEAU: Objection to form. 10 A. I don't know all of them. 11 Q. Do you know whether the same people 12 serve on the board of each of the retail funds 13 as we've defined that term? 14 A. Which – so when you say "retail 15 funds" – again, I want to be – what retail 16 funds are you referring to, because there are 17 - there are several distinctions? 18 What retail funds are you using when 19 you refer to them? 20 Q. That is why – that is why I tried 21 to define the terms. So let me do it again. 22 Retail funds for the purposes of 23 this deposition means any retail fund to which 	
Q. You're familiar with an entity called HCRE Partners, LLC; correct? A. Yes. Q. Okay. So that is the entity that we will refer to as HCRE. If you're aware of any successor, that is great. If not, let's just define it as such. Have you ever been employed by HCRE or any entity that you know to have succeeded HCRE? A. No. Joid you ever serve as an officer or director of HCRE or any successor? A. Not that I recall. Q. Okay. Can we refer to NexPoint and HCMFA as the advisors? A. Yes. Q. In general, the advisors provided investment advisory services to certain retail funds; correct?	 2 collectively as the retail funds; is that okay? 3 A. Okay. 4 Q. Each of the retail funds is governed 5 by a board; correct? 6 A. Yes. 7 Q. And do you know the people who serve 8 on the boards of the retail funds? 9 MS. DANDENEAU: Objection to form. 10 A. I don't know all of them. 11 Q. Do you know whether the same people 12 serve on the board of each of the retail funds 13 as we've defined that term? 14 A. Which – so when you say "retail 15 funds" – again, I want to be – what retail 16 funds are you referring to, because there are 17 – there are several distinctions? 18 What retail funds are you using when 19 you refer to them? 20 Q. That is why – that is why I tried 21 to define the terms. So let me do it again. 22 Retail funds for the purposes of 	

Page 34 1 WATERHOUSE - 10-19-21	Page 35 1 WATERHOUSE - 10-19-21
2 A. Okay.	2 respect to each retail fund.
3 Q. Okay. So do you know whether the	3 Actually, let's do it a different
4 same people serve on the board of each of the	4 way. I withdraw the question.
5 retail funds?	5 Can you give me one title you have
6 A. Idon't know.	6 in relation to any retail fund?
7 Q. Were you ever employed by any of the	7 A. Yes.
8 retail funds?	8 Q. What title – what title can you
9 A. No.	9 give me?
10 Q. No?	10 A. Principal executive officer.
11 A. No.	11 Q. Do you serve as principal executive
12 Q. Okay. Do you have any title with	12 officer for each of the retail funds?
13 respect to any of the retail funds?	13 A. No.
14 A. Yes.	14 Q. Can you identify for me the retail
15 Q. What titles do you hold –	15 funds in which you serve as the principal
16 withdrawn.	16 executive officer?
17 Do you have the same titles with	17 A. Yes. Highland Funds 1, Highland
18 respect to all of the retail funds or do	18 Funds 2, Highland Income Fund, Highland Global
19 they – or just something else?	19 Allocation Fund.
20 MS. DANDENEAU: Objection to form.	20 Q. I'm sorry, you said "Global
21 Q. Withdrawn.	21 Allocation Fund"?
22 Do you have the same title with	22 A. Yes.
23 respect to each of the retail funds?	VIDEOGRAPHER: Excuse me,
24 A. No.	24 Mr. Morris. This is the videographer. I'm
25 Q. Tell me which title you have with	concerned about the lighting in the
Page 36	Page 37
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
1 WATERHOUSE - 10-19-21 2 witness' camera.	
1 WATERHOUSE - 10-19-21	 1 WATERHOUSE - 10-19-21 2 A. 2021. 3 Q. Did you ever hold any title with
1 WATERHOUSE - 10-19-21 2 witness' camera.	 WATERHOUSE - 10-19-21 A. 2021. Q. Did you ever hold any title with respect to any of the four funds you have just
 WATERHOUSE - 10-19-21 witness' camera. Do you want to go off the record and make some adjustments? MR. MORRIS: Sure, but just for this 	 WATERHOUSE - 10-19-21 A. 2021. Q. Did you ever hold any title with respect to any of the four funds you have just identified other than principal executive
 1 WATERHOUSE - 10-19-21 2 witness' camera. 3 Do you want to go off the record and 4 make some adjustments? 	 WATERHOUSE - 10-19-21 A. 2021. Q. Did you ever hold any title with respect to any of the four funds you have just
 WATERHOUSE - 10-19-21 witness' camera. Do you want to go off the record and make some adjustments? MR. MORRIS: Sure, but just for this 	 WATERHOUSE - 10-19-21 A. 2021. Q. Did you ever hold any title with respect to any of the four funds you have just identified other than principal executive
1 WATERHOUSE - 10-19-21 2 witness' camera. 3 Do you want to go off the record and 4 make some adjustments? 5 MR. MORRIS: Sure, but just for this 6 purpose. I don't want to take a break. We	WATERHOUSE - 10-19-21 A. 2021. Q. Did you ever hold any title with respect to any of the four funds you have just identified other than principal executive officer?
1 WATERHOUSE - 10-19-21 2 witness' camera. 3 Do you want to go off the record and 4 make some adjustments? 5 MR. MORRIS: Sure, but just for this 6 purpose. I don't want to take a break. We 7 just started.	WATERHOUSE - 10-19-21 A. 2021. Q. Did you ever hold any title with respect to any of the four funds you have just identified other than principal executive officer? A. I don't recall.
1 WATERHOUSE - 10-19-21 2 witness' camera. 3 Do you want to go off the record and 4 make some adjustments? 5 MR. MORRIS: Sure, but just for this 6 purpose. I don't want to take a break. We 7 just started. 8 MS. DANDENEAU: Yeah, that is fine.	WATERHOUSE - 10-19-21 A. 2021. Q. Did you ever hold any title with respect to any of the four funds you have just identified other than principal executive officer? A. I don't recall. Q. Is it possible that you held a
1 WATERHOUSE - 10-19-21 2 witness' camera. 3 Do you want to go off the record and 4 make some adjustments? 5 MR. MORRIS: Sure, but just for this 6 purpose. I don't want to take a break. We 7 just started. 8 MS. DANDENEAU: Yeah, that is fine. 9 That is fine. We're going to put you on	WATERHOUSE - 10-19-21 A. 2021. Q. Did you ever hold any title with respect to any of the four funds you have just identified other than principal executive officer? A. I don't recall. Q. Is it possible that you held a position or a title with the four funds you
1 WATERHOUSE - 10-19-21 2 witness' camera. 3 Do you want to go off the record and 4 make some adjustments? 5 MR. MORRIS: Sure, but just for this 6 purpose. I don't want to take a break. We 7 just started. 8 MS. DANDENEAU: Yeah, that is fine. 9 That is fine. We're going to put you on 10 mute.	WATERHOUSE - 10-19-21 A. 2021. Q. Did you ever hold any title with respect to any of the four funds you have just identified other than principal executive officer? A. I don't recall. Q. Is it possible that you held a position or a title with the four funds you just identified prior to 2021?
 WATERHOUSE - 10-19-21 witness' camera. Do you want to go off the record and make some adjustments? MR. MORRIS: Sure, but just for this purpose. I don't want to take a break. We just started. MS. DANDENEAU: Yeah, that is fine. That is fine. We're going to put you on mute. MR. MORRIS: All right. 	WATERHOUSE - 10-19-21 A. 2021. Q. Did you ever hold any title with respect to any of the four funds you have just identified other than principal executive officer? A. I don't recall. Q. Is it possible that you held a position or a title with the four funds you just identified prior to 2021? A. Yes.
1 WATERHOUSE - 10-19-21 2 witness' camera. 3 Do you want to go off the record and 4 make some adjustments? 5 MR. MORRIS: Sure, but just for this 6 purpose. I don't want to take a break. We 7 just started. 8 MS. DANDENEAU: Yeah, that is fine. 9 That is fine. We're going to put you on 10 mute. 11 MR. MORRIS: All right. 12 MS. DANDENEAU: I'm going to try to	WATERHOUSE - 10-19-21 A. 2021. Q. Did you ever hold any title with respect to any of the four funds you have just identified other than principal executive officer? A. I don't recall. Q. Is it possible that you held a position or a title with the four funds you just identified prior to 2021? A. Yes. Q. But you don't recall if you did or
1 WATERHOUSE - 10-19-21 2 witness' camera. 3 Do you want to go off the record and 4 make some adjustments? 5 MR. MORRIS: Sure, but just for this 6 purpose. I don't want to take a break. We 7 just started. 8 MS. DANDENEAU: Yeah, that is fine. 9 That is fine. We're going to put you on 10 mute. 11 MR. MORRIS: All right. 12 MS. DANDENEAU: I'm going to try to 13 open up some of the shades.	WATERHOUSE - 10-19-21 A. 2021. Q. Did you ever hold any title with respect to any of the four funds you have just identified other than principal executive officer? A. I don't recall. Q. Is it possible that you held a position or a title with the four funds you just identified prior to 2021? A. Yes. Q. But you don't recall if you did or not; do I have that right?
1 WATERHOUSE - 10-19-21 2 witness' camera. 3 Do you want to go off the record and 4 make some adjustments? 5 MR. MORRIS: Sure, but just for this 6 purpose. I don't want to take a break. We 7 just started. 8 MS. DANDENEAU: Yeah, that is fine. 9 That is fine. We're going to put you on 10 mute. 11 MR. MORRIS: All right. 12 MS. DANDENEAU: I'm going to try to 13 open up some of the shades. 14 VIDEOGRAPHER: We're going off the	 WATERHOUSE - 10-19-21 A. 2021. Q. Did you ever hold any title with respect to any of the four funds you have just identified other than principal executive officer? A. I don't recall. Q. Is it possible that you held a position or a title with the four funds you just identified prior to 2021? A. Yes. Q. But you don't recall if you did or not; do I have that right? A. No. You – I thought you asked, did
1 WATERHOUSE - 10-19-21 2 witness' camera. 3 Do you want to go off the record and 4 make some adjustments? 5 MR. MORRIS: Sure, but just for this 6 purpose. I don't want to take a break. We 7 just started. 8 MS. DANDENEAU: Yeah, that is fine. 9 That is fine. We're going to put you on 10 mute. 11 MR. MORRIS: All right. 12 MS. DANDENEAU: I'm going to try to 13 open up some of the shades. 14 VIDEOGRAPHER: We're going off the 15 record at 10:08 a.m.	 WATERHOUSE - 10-19-21 A. 2021. Q. Did you ever hold any title with respect to any of the four funds you have just identified other than principal executive officer? A. I don't recall. Q. Is it possible that you held a position or a title with the four funds you just identified prior to 2021? A. Yes. Q. But you don't recall if you did or not; do I have that right? A. No. You – I thought you asked, did I hold other titles.
1 WATERHOUSE - 10-19-21 2 witness' camera. 3 Do you want to go off the record and 4 make some adjustments? 5 MR. MORRIS: Sure, but just for this 6 purpose. I don't want to take a break. We 7 just started. 8 MS. DANDENEAU: Yeah, that is fine. 9 That is fine. We're going to put you on 10 mute. 11 MR. MORRIS: All right. 12 MS. DANDENEAU: I'm going to try to 13 open up some of the shades. 14 VIDEOGRAPHER: We're going off the 15 record at 10:08 a.m. 16 (Recess taken 10:08 a.m. to 10:11 a.m.)	 WATERHOUSE - 10-19-21 A. 2021. Q. Did you ever hold any title with respect to any of the four funds you have just identified other than principal executive officer? A. I don't recall. Q. Is it possible that you held a position or a title with the four funds you just identified prior to 2021? A. Yes. Q. But you don't recall if you did or not; do I have that right? A. No. You – I thought you asked, did I hold other titles. Q. Did you hold any title at the four
1 WATERHOUSE - 10-19-21 2 witness' camera. 3 Do you want to go off the record and 4 make some adjustments? 5 MR. MORRIS: Sure, but just for this 6 purpose. I don't want to take a break. We 7 just started. 8 MS. DANDENEAU: Yeah, that is fine. 9 That is fine. We're going to put you on 10 mute. 11 MR. MORRIS: All right. 12 MS. DANDENEAU: I'm going to try to 13 open up some of the shades. 14 VIDEOGRAPHER: We're going off the 15 record at 10:08 a.m. 16 (Recess taken 10:08 a.m. to 10:11 a.m.) 17 VIDEOGRAPHER: We are back on the	 WATERHOUSE - 10-19-21 A. 2021. Q. Did you ever hold any title with respect to any of the four funds you have just identified other than principal executive officer? A. I don't recall. Q. Is it possible that you held a position or a title with the four funds you just identified prior to 2021? A. Yes. Q. But you don't recall if you did or not; do I have that right? A. No. You – I thought you asked, did I hold other titles. Q. Did you hold any title at the four retail funds for which you now serve as
1 WATERHOUSE - 10-19-21 2 witness' camera. 3 Do you want to go off the record and 4 make some adjustments? 5 MR. MORRIS: Sure, but just for this 6 purpose. I don't want to take a break. We 7 just started. 8 MS. DANDENEAU: Yeah, that is fine. 9 That is fine. We're going to put you on 10 mute. 11 MR. MORRIS: All right. 12 MS. DANDENEAU: I'm going to try to 13 open up some of the shades. 14 VIDEOGRAPHER: We're going off the 15 record at 10:08 a.m. 16 (Recess taken 10:08 a.m. to 10:11 a.m.) 17 VIDEOGRAPHER: We are back on the 18 record at 10:11 a.m.	 WATERHOUSE - 10-19-21 A. 2021. Q. Did you ever hold any title with respect to any of the four funds you have just identified other than principal executive officer? A. I don't recall. Q. Is it possible that you held a position or a title with the four funds you just identified prior to 2021? A. Yes. Q. But you don't recall if you did or not; do I have that right? A. No. You – I thought you asked, did I hold other titles. Q. Did you hold any title at the four retail funds for which you now serve as principal executive officer at any time prior
1 WATERHOUSE - 10-19-21 2 witness' camera. 3 Do you want to go off the record and 4 make some adjustments? 5 MR. MORRIS: Sure, but just for this 6 purpose. I don't want to take a break. We 7 just started. 8 MS. DANDENEAU: Yeah, that is fine. 9 That is fine. We're going to put you on 10 mute. 11 MR. MORRIS: All right. 12 MS. DANDENEAU: I'm going to try to 13 open up some of the shades. 14 VIDEOGRAPHER: We're going off the 15 record at 10:08 a.m. 16 (Recess taken 10:08 a.m. to 10:11 a.m.) 17 VIDEOGRAPHER: We are back on the 18 record at 10:11 a.m. 19 Q. Mr. Waterhouse, when did you become 20 the principal executive officer of the four	 WATERHOUSE - 10-19-21 A. 2021. Q. Did you ever hold any title with respect to any of the four funds you have just identified other than principal executive officer? A. I don't recall. Q. Is it possible that you held a position or a title with the four funds you just identified prior to 2021? A. Yes. Q. But you don't recall if you did or not; do I have that right? A. No. You – I thought you asked, did I hold other titles. Q. Did you hold any title at the four retail funds for which you now serve as principal executive officer at any time prior to 2021? A. Yes.
witness' camera. Do you want to go off the record and make some adjustments? MR. MORRIS: Sure, but just for this purpose. I don't want to take a break. We just started. MS. DANDENEAU: Yeah, that is fine. That is fine. We're going to put you on mute. MR. MORRIS: All right. MS. DANDENEAU: I'm going to try to open up some of the shades. VIDEOGRAPHER: We're going off the record at 10:08 a.m. (Recess taken 10:08 a.m. to 10:11 a.m.) VIDEOGRAPHER: We are back on the record at 10:11 a.m. Q. Mr. Waterhouse, when did you become the principal executive officer of the four retail funds that you just identified?	 WATERHOUSE - 10-19-21 A. 2021. Q. Did you ever hold any title with respect to any of the four funds you have just identified other than principal executive officer? A. I don't recall. Q. Is it possible that you held a position or a title with the four funds you just identified prior to 2021? A. Yes. Q. But you don't recall if you did or not; do I have that right? A. No. You – I thought you asked, did I hold other titles. Q. Did you hold any title at the four retail funds for which you now serve as principal executive officer at any time prior to 2021? A. Yes. Q. What titles did you hold?
1 WATERHOUSE - 10-19-21 2 witness' camera. 3 Do you want to go off the record and 4 make some adjustments? 5 MR. MORRIS: Sure, but just for this 6 purpose. I don't want to take a break. We 7 just started. 8 MS. DANDENEAU: Yeah, that is fine. 9 That is fine. We're going to put you on 10 mute. 11 MR. MORRIS: All right. 12 MS. DANDENEAU: I'm going to try to 13 open up some of the shades. 14 VIDEOGRAPHER: We're going off the 15 record at 10:08 a.m. 16 (Recess taken 10:08 a.m. to 10:11 a.m.) 17 VIDEOGRAPHER: We are back on the 18 record at 10:11 a.m. 19 Q. Mr. Waterhouse, when did you become 20 the principal executive officer of the four 21 retail funds that you just identified? 22 A. I don't recall.	MATERHOUSE - 10-19-21 A. 2021. Q. Did you ever hold any title with respect to any of the four funds you have just identified other than principal executive officer? A. I don't recall. Q. Is it possible that you held a position or a title with the four funds you just identified prior to 2021? A. Yes. Q. But you don't recall if you did or not; do I have that right? A. No. You – I thought you asked, did I hold other titles. Q. Did you hold any title at the four retail funds for which you now serve as principal executive officer at any time prior to 2021? A. Yes. Q. What titles did you hold? A. I don't recall all the titles.
witness' camera. Do you want to go off the record and make some adjustments? MR. MORRIS: Sure, but just for this purpose. I don't want to take a break. We just started. MS. DANDENEAU: Yeah, that is fine. MR. MORRIS: All right. MR. MORRIS: All right. MS. DANDENEAU: I'm going to try to open up some of the shades. VIDEOGRAPHER: We're going off the record at 10:08 a.m. (Recess taken 10:08 a.m. to 10:11 a.m.) VIDEOGRAPHER: We are back on the record at 10:11 a.m. Q. Mr. Waterhouse, when did you become the principal executive officer of the four retail funds that you just identified? A. I don't recall.	MATERHOUSE - 10-19-21 A. 2021. Q. Did you ever hold any title with respect to any of the four funds you have just identified other than principal executive officer? A. I don't recall. Q. Is it possible that you held a position or a title with the four funds you just identified prior to 2021? A. Yes. Q. But you don't recall if you did or not; do I have that right? A. No. You – I thought you asked, did I hold other titles. Q. Did you hold any title at the four retail funds for which you now serve as principal executive officer at any time prior to 2021? A. Yes. Q. What titles did you hold? A. I don't recall all the titles. Q. Do you recall any of the titles?
1 WATERHOUSE - 10-19-21 2 witness' camera. 3 Do you want to go off the record and 4 make some adjustments? 5 MR. MORRIS: Sure, but just for this 6 purpose. I don't want to take a break. We 7 just started. 8 MS. DANDENEAU: Yeah, that is fine. 9 That is fine. We're going to put you on 10 mute. 11 MR. MORRIS: All right. 12 MS. DANDENEAU: I'm going to try to 13 open up some of the shades. 14 VIDEOGRAPHER: We're going off the 15 record at 10:08 a.m. 16 (Recess taken 10:08 a.m. to 10:11 a.m.) 17 VIDEOGRAPHER: We are back on the 18 record at 10:11 a.m. 19 Q. Mr. Waterhouse, when did you become 20 the principal executive officer of the four 21 retail funds that you just identified? 22 A. I don't recall.	MATERHOUSE - 10-19-21 A. 2021. Q. Did you ever hold any title with respect to any of the four funds you have just identified other than principal executive officer? A. I don't recall. Q. Is it possible that you held a position or a title with the four funds you just identified prior to 2021? A. Yes. Q. But you don't recall if you did or not; do I have that right? A. No. You – I thought you asked, did I hold other titles. Q. Did you hold any title at the four retail funds for which you now serve as principal executive officer at any time prior to 2021? A. Yes. Q. What titles did you hold? A. I don't recall all the titles. Q. Do you recall any of the titles?

Page 3: 1 WATERHOUSE - 10-19-21		Page 39
2 those four retail funds before 2021?	2 treasurer of the advisors, you also serve as	
3 A. Principal executive officer.	3 the principal executive officer of these four	
4 Q. Were you the principal executive	4 retail funds; correct?	
5 officer of the four retail funds that you have	5 A. Yes.	
6 identified?	6 Q. Did you ever hold any title with	
7 A. Sorry, could you repeat the	7 respect to any other retail fund?	
8 question?	8 A. Not that I recall.	
9 Q. Were you the principal executive	9 Q. During the period that you served as	
10 officer for each of the four retail funds that	10 Highland's CFO, from time to time Highland	
11 you have identified?	11 loaned money to certain of its officers and	
12 A. Yes.	12 employees; correct?	
13 Q. When did you become the principal	13 A. Yes.	
14 executive – withdrawn.	14 Q. During the period that you served as	
Can you give me the approximate year	15 Highland's CFO, from time to time Highland	
16 that you became the principal executive officer	16 loaned money to certain –	
17 for each of the four retail funds you've	17 A. Let me – let me retract that,	
18 identified?	18 sorry, that – you asked during the time I was	
19 A. I don't recall.	19 CFO, Highland loaned moneys to employees. I	
20 Q. What are your duties and	20 don't I don't recall that during my tenure	
21 responsibilities as the principal executive	21 of CFO.	
22 officer of these four retail funds?	22 Q. You have no recollection during the	
23 A. It is to manage the finance and	23 time that you were the CFO of Highland of	
24 accounting positions.	24 Highland ever loaning any money to any officer	
25 Q. So at the same time you serve as the	25 or director of Highland?	
Page 4	<u> </u>	Dogo 11
		Page 41
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21	Page 41
1 WATERHOUSE - 10-19-21 2 A. I don't recall during my tenure of	1 WATERHOUSE - 10-19-21 2 loaned money to certain corporate affiliates;	Page 41
1 WATERHOUSE - 10-19-21 2 A. I don't recall during my tenure of 3 Highland or my – as CFO of Highland – yeah,	1 WATERHOUSE - 10-19-212 loaned money to certain corporate affiliates;3 correct?	rage 41
1 WATERHOUSE - 10-19-21 2 A. I don't recall during my tenure of 3 Highland or my – as CFO of Highland – yeah, 4 if there are any loans as CFO of Highland.	 WATERHOUSE - 10-19-21 loaned money to certain corporate affiliates; correct? MS. DANDENEAU: Objection to form. 	Page 41
1 WATERHOUSE - 10-19-21 2 A. I don't recall during my tenure of 3 Highland or my – as CFO of Highland – yeah, 4 if there are any loans as CFO of Highland. 5 Q. I'm just talking about officers and	 WATERHOUSE - 10-19-21 loaned money to certain corporate affiliates; correct? MS. DANDENEAU: Objection to form. A. What are corporate affiliates? 	Page 41
1 WATERHOUSE - 10-19-21 2 A. I don't recall during my tenure of 3 Highland or my – as CFO of Highland – yeah, 4 if there are any loans as CFO of Highland. 5 Q. I'm just talking about officers and 6 employees right now. You have no recollection	 WATERHOUSE - 10-19-21 loaned money to certain corporate affiliates; correct? MS. DANDENEAU: Objection to form. A. What are corporate affiliates? Q. How about the ones that are in 	Page 41
1 WATERHOUSE - 10-19-21 2 A. I don't recall during my tenure of 3 Highland or my – as CFO of Highland – yeah, 4 if there are any loans as CFO of Highland. 5 Q. I'm just talking about officers and 6 employees right now. You have no recollection 7 of Highland ever making a loan to any of its	 1 WATERHOUSE - 10-19-21 2 loaned money to certain corporate affiliates; 3 correct? 4 MS. DANDENEAU: Objection to form. 5 A. What are corporate affiliates? 6 Q. How about the ones that are in 7 Highland's audited financial statements under 	Page 41
1 WATERHOUSE - 10-19-21 2 A. I don't recall during my tenure of 3 Highland or my – as CFO of Highland – yeah, 4 if there are any loans as CFO of Highland. 5 Q. I'm just talking about officers and 6 employees right now. You have no recollection 7 of Highland ever making a loan to any of its 8 officers or employees during the time that you	 1 WATERHOUSE - 10-19-21 2 loaned money to certain corporate affiliates; 3 correct? 4 MS. DANDENEAU: Objection to form. 5 A. What are corporate affiliates? 6 Q. How about the ones that are in 7 Highland's audited financial statements under 8 the section entitled Loans to Affiliates. Why 	Page 41
1 WATERHOUSE - 10-19-21 2 A. I don't recall during my tenure of 3 Highland or my – as CFO of Highland – yeah, 4 if there are any loans as CFO of Highland. 5 Q. I'm just talking about officers and 6 employees right now. You have no recollection 7 of Highland ever making a loan to any of its 8 officers or employees during the time that you 9 served as CFO. Do I have that right?	 1 WATERHOUSE - 10-19-21 2 loaned money to certain corporate affiliates; 3 correct? 4 MS. DANDENEAU: Objection to form. 5 A. What are corporate affiliates? 6 Q. How about the ones that are in 7 Highland's audited financial statements under 8 the section entitled Loans to Affiliates. Why 9 don't we start with those. Do you have any 	Page 41
1 WATERHOUSE - 10-19-21 2 A. I don't recall during my tenure of 3 Highland or my – as CFO of Highland – yeah, 4 if there are any loans as CFO of Highland. 5 Q. I'm just talking about officers and 6 employees right now. You have no recollection 7 of Highland ever making a loan to any of its 8 officers or employees during the time that you 9 served as CFO. Do I have that right? 10 MS. DANDENEAU: Objection to form.	 1 WATERHOUSE - 10-19-21 2 loaned money to certain corporate affiliates; 3 correct? 4 MS. DANDENEAU: Objection to form. 5 A. What are corporate affiliates? 6 Q. How about the ones that are in 7 Highland's audited financial statements under 8 the section entitled Loans to Affiliates. Why 9 don't we start with those. Do you have any 10 understanding of what the phrase "affiliates" 	Page 41
1 WATERHOUSE - 10-19-21 2 A. I don't recall during my tenure of 3 Highland or my – as CFO of Highland – yeah, 4 if there are any loans as CFO of Highland. 5 Q. I'm just talking about officers and 6 employees right now. You have no recollection 7 of Highland ever making a loan to any of its 8 officers or employees during the time that you 9 served as CFO. Do I have that right? 10 MS. DANDENEAU: Objection to form. 11 A. So I thought you were saying	 1 WATERHOUSE - 10-19-21 2 loaned money to certain corporate affiliates; 3 correct? 4 MS. DANDENEAU: Objection to form. 5 A. What are corporate affiliates? 6 Q. How about the ones that are in 7 Highland's audited financial statements under 8 the section entitled Loans to Affiliates. Why 9 don't we start with those. Do you have any 10 understanding of what the phrase "affiliates" 11 means? 	Page 41
1 WATERHOUSE - 10-19-21 2 A. I don't recall during my tenure of 3 Highland or my – as CFO of Highland – yeah, 4 if there are any loans as CFO of Highland. 5 Q. I'm just talking about officers and 6 employees right now. You have no recollection 7 of Highland ever making a loan to any of its 8 officers or employees during the time that you 9 served as CFO. Do I have that right? 10 MS. DANDENEAU: Objection to form. 11 A. So I thought you were saying 12 officers and employees as CFO, right, so there	 1 WATERHOUSE - 10-19-21 2 loaned money to certain corporate affiliates; 3 correct? 4 MS. DANDENEAU: Objection to form. 5 A. What are corporate affiliates? 6 Q. How about the ones that are in 7 Highland's audited financial statements under 8 the section entitled Loans to Affiliates. Why 9 don't we start with those. Do you have any 10 understanding of what the phrase "affiliates" 11 means? 12 MS. DANDENEAU: Objection to form. 	Page 41
1 WATERHOUSE - 10-19-21 2 A. I don't recall during my tenure of 3 Highland or my – as CFO of Highland – yeah, 4 if there are any loans as CFO of Highland. 5 Q. I'm just talking about officers and 6 employees right now. You have no recollection 7 of Highland ever making a loan to any of its 8 officers or employees during the time that you 9 served as CFO. Do I have that right? 10 MS. DANDENEAU: Objection to form. 11 A. So I thought you were saying 12 officers and employees as CFO, right, so there 13 were – I mean, okay, yes.	 1 WATERHOUSE - 10-19-21 2 loaned money to certain corporate affiliates; 3 correct? 4 MS. DANDENEAU: Objection to form. 5 A. What are corporate affiliates? 6 Q. How about the ones that are in 7 Highland's audited financial statements under 8 the section entitled Loans to Affiliates. Why 9 don't we start with those. Do you have any 10 understanding of what the phrase "affiliates" 11 means? 12 MS. DANDENEAU: Objection to form. 13 A. I understand what affiliates are, 	Page 41
1 WATERHOUSE - 10-19-21 2 A. I don't recall during my tenure of 3 Highland or my – as CFO of Highland – yeah, 4 if there are any loans as CFO of Highland. 5 Q. I'm just talking about officers and 6 employees right now. You have no recollection 7 of Highland ever making a loan to any of its 8 officers or employees during the time that you 9 served as CFO. Do I have that right? 10 MS. DANDENEAU: Objection to form. 11 A. So I thought you were saying 12 officers and employees as CFO, right, so there 13 were – I mean, okay, yes. 14 Q. I would ask you to listen carefully	 1 WATERHOUSE - 10-19-21 2 loaned money to certain corporate affiliates; 3 correct? 4 MS. DANDENEAU: Objection to form. 5 A. What are corporate affiliates? 6 Q. How about the ones that are in 7 Highland's audited financial statements under 8 the section entitled Loans to Affiliates. Why 9 don't we start with those. Do you have any 10 understanding of what the phrase "affiliates" 11 means? 12 MS. DANDENEAU: Objection to form. 13 A. I understand what affiliates are, 14 yet affiliates can have different meanings in 	rage 41
1 WATERHOUSE - 10-19-21 2 A. I don't recall during my tenure of 3 Highland or my – as CFO of Highland – yeah, 4 if there are any loans as CFO of Highland. 5 Q. I'm just talking about officers and 6 employees right now. You have no recollection 7 of Highland ever making a loan to any of its 8 officers or employees during the time that you 9 served as CFO. Do I have that right? 10 MS. DANDENEAU: Objection to form. 11 A. So I thought you were saying 12 officers and employees as CFO, right, so there 13 were – I mean, okay, yes. 14 Q. I would ask you to listen carefully 15 to my question. If I – if I'm not clear, let	1 WATERHOUSE - 10-19-21 2 loaned money to certain corporate affiliates; 3 correct? 4 MS. DANDENEAU: Objection to form. 5 A. What are corporate affiliates? 6 Q. How about the ones that are in 7 Highland's audited financial statements under 8 the section entitled Loans to Affiliates. Why 9 don't we start with those. Do you have any 10 understanding of what the phrase "affiliates" 11 means? 12 MS. DANDENEAU: Objection to form. 13 A. I understand what affiliates are, 14 yet affiliates can have different meanings in 15 different contexts, so	rage 41
1 WATERHOUSE - 10-19-21 2 A. I don't recall during my tenure of 3 Highland or my – as CFO of Highland – yeah, 4 if there are any loans as CFO of Highland. 5 Q. I'm just talking about officers and 6 employees right now. You have no recollection 7 of Highland ever making a loan to any of its 8 officers or employees during the time that you 9 served as CFO. Do I have that right? 10 MS. DANDENEAU: Objection to form. 11 A. So I thought you were saying 12 officers and employees as CFO, right, so there 13 were – I mean, okay, yes. 14 Q. I would ask you to listen carefully 15 to my question. If I – if I'm not clear, let 16 me know, but I'm really trying to be as clear	 1 WATERHOUSE - 10-19-21 2 loaned money to certain corporate affiliates; 3 correct? 4 MS. DANDENEAU: Objection to form. 5 A. What are corporate affiliates? 6 Q. How about the ones that are in 7 Highland's audited financial statements under 8 the section entitled Loans to Affiliates. Why 9 don't we start with those. Do you have any 10 understanding of what the phrase "affiliates" 11 means? 12 MS. DANDENEAU: Objection to form. 13 A. I understand what affiliates are, 14 yet affiliates can have different meanings in 15 different contexts, so 16 Q. Why don't you – why don't you tell 	raye 41
1 WATERHOUSE - 10-19-21 2 A. I don't recall during my tenure of 3 Highland or my – as CFO of Highland – yeah, 4 if there are any loans as CFO of Highland. 5 Q. I'm just talking about officers and 6 employees right now. You have no recollection 7 of Highland ever making a loan to any of its 8 officers or employees during the time that you 9 served as CFO. Do I have that right? 10 MS. DANDENEAU: Objection to form. 11 A. So I thought you were saying 12 officers and employees as CFO, right, so there 13 were – I mean, okay, yes. 14 Q. I would ask you to listen carefully 15 to my question. If I – if I'm not clear, let 16 me know, but I'm really trying to be as clear 17 as I can.	 1 WATERHOUSE - 10-19-21 2 loaned money to certain corporate affiliates; 3 correct? 4 MS. DANDENEAU: Objection to form. 5 A. What are corporate affiliates? 6 Q. How about the ones that are in 7 Highland's audited financial statements under 8 the section entitled Loans to Affiliates. Why 9 don't we start with those. Do you have any 10 understanding of what the phrase "affiliates" 11 means? 12 MS. DANDENEAU: Objection to form. 13 A. I understand what affiliates are, 14 yet affiliates can have different meanings in 15 different contexts, so 16 Q. Why don't you – why don't you tell 17 me what your understanding of the term 	raye 41
1 WATERHOUSE - 10-19-21 2 A. I don't recall during my tenure of 3 Highland or my – as CFO of Highland – yeah, 4 if there are any loans as CFO of Highland. 5 Q. I'm just talking about officers and 6 employees right now. You have no recollection 7 of Highland ever making a loan to any of its 8 officers or employees during the time that you 9 served as CFO. Do I have that right? 10 MS. DANDENEAU: Objection to form. 11 A. So I thought you were saying 12 officers and employees as CFO, right, so there 13 were – I mean, okay, yes. 14 Q. I would ask you to listen carefully 15 to my question. If I – if I'm not clear, let 16 me know, but I'm really trying to be as clear 17 as I can. 18 A. I'm listening as carefully as I can,	 1 WATERHOUSE - 10-19-21 2 loaned money to certain corporate affiliates; 3 correct? 4 MS. DANDENEAU: Objection to form. 5 A. What are corporate affiliates? 6 Q. How about the ones that are in 7 Highland's audited financial statements under 8 the section entitled Loans to Affiliates. Why 9 don't we start with those. Do you have any 10 understanding of what the phrase "affiliates" 11 means? 12 MS. DANDENEAU: Objection to form. 13 A. I understand what affiliates are, 14 yet affiliates can have different meanings in 15 different contexts, so 16 Q. Why don't you – why don't you tell 17 me what your understanding of the term 18 "affiliate" is in relation to Highland Capital 	raye 41
1 WATERHOUSE - 10-19-21 2 A. I don't recall during my tenure of 3 Highland or my – as CFO of Highland – yeah, 4 if there are any loans as CFO of Highland. 5 Q. I'm just talking about officers and 6 employees right now. You have no recollection 7 of Highland ever making a loan to any of its 8 officers or employees during the time that you 9 served as CFO. Do I have that right? 10 MS. DANDENEAU: Objection to form. 11 A. So I thought you were saying 12 officers and employees as CFO, right, so there 13 were – I mean, okay, yes. 14 Q. I would ask you to listen carefully 15 to my question. If I – if I'm not clear, let 16 me know, but I'm really trying to be as clear 17 as I can. 18 A. I'm listening as carefully as I can, 19 and you are asking very specific questions in a	1 WATERHOUSE - 10-19-21 2 loaned money to certain corporate affiliates; 3 correct? 4 MS. DANDENEAU: Objection to form. 5 A. What are corporate affiliates? 6 Q. How about the ones that are in 7 Highland's audited financial statements under 8 the section entitled Loans to Affiliates. Why 9 don't we start with those. Do you have any 10 understanding of what the phrase "affiliates" 11 means? 12 MS. DANDENEAU: Objection to form. 13 A. I understand what affiliates are, 14 yet affiliates can have different meanings in 15 different contexts, so 16 Q. Why don't you — why don't you tell 17 me what your understanding of the term 18 "affiliate" is in relation to Highland Capital 19 Management, L.P.	raye 41
1 WATERHOUSE - 10-19-21 2 A. I don't recall during my tenure of 3 Highland or my – as CFO of Highland – yeah, 4 if there are any loans as CFO of Highland. 5 Q. I'm just talking about officers and 6 employees right now. You have no recollection 7 of Highland ever making a loan to any of its 8 officers or employees during the time that you 9 served as CFO. Do I have that right? 10 MS. DANDENEAU: Objection to form. 11 A. So I thought you were saying 12 officers and employees as CFO, right, so there 13 were – I mean, okay, yes. 14 Q. I would ask you to listen carefully 15 to my question. If I – if I'm not clear, let 16 me know, but I'm really trying to be as clear 17 as I can. 18 A. I'm listening as carefully as I can, 19 and you are asking very specific questions in a 20 timeline. And I'm trying to answer your	 WATERHOUSE - 10-19-21 loaned money to certain corporate affiliates; correct? MS. DANDENEAU: Objection to form. A. What are corporate affiliates? Q. How about the ones that are in Highland's audited financial statements under the section entitled Loans to Affiliates. Why don't we start with those. Do you have any understanding of what the phrase "affiliates" means? MS. DANDENEAU: Objection to form. A. I understand what affiliates are, yet affiliates can have different meanings in different contexts, so Q. Why don't you – why don't you tell me what your understanding of the term "affiliate" is in relation to Highland Capital Management, L.P. A. Is that a – it depends on the 	rage 41
1 WATERHOUSE - 10-19-21 2 A. I don't recall during my tenure of 3 Highland or my – as CFO of Highland – yeah, 4 if there are any loans as CFO of Highland. 5 Q. I'm just talking about officers and 6 employees right now. You have no recollection 7 of Highland ever making a loan to any of its 8 officers or employees during the time that you 9 served as CFO. Do I have that right? 10 MS. DANDENEAU: Objection to form. 11 A. So I thought you were saying 12 officers and employees as CFO, right, so there 13 were – I mean, okay, yes. 14 Q. I would ask you to listen carefully 15 to my question. If I – if I'm not clear, let 16 me know, but I'm really trying to be as clear 17 as I can. 18 A. I'm listening as carefully as I can, 19 and you are asking very specific questions in a 20 timeline. And I'm trying to answer your 21 questions as specifically as I can, and I	1 WATERHOUSE - 10-19-21 2 loaned money to certain corporate affiliates; 3 correct? 4 MS. DANDENEAU: Objection to form. 5 A. What are corporate affiliates? 6 Q. How about the ones that are in 7 Highland's audited financial statements under 8 the section entitled Loans to Affiliates. Why 9 don't we start with those. Do you have any 10 understanding of what the phrase "affiliates" 11 means? 12 MS. DANDENEAU: Objection to form. 13 A. I understand what affiliates are, 14 yet affiliates can have different meanings in 15 different contexts, so 16 Q. Why don't you — why don't you tell 17 me what your understanding of the term 18 "affiliate" is in relation to Highland Capital 19 Management, L.P. 20 A. Is that a — it depends on the 21 context.	rage 41
1 WATERHOUSE - 10-19-21 2 A. I don't recall during my tenure of 3 Highland or my – as CFO of Highland – yeah, 4 if there are any loans as CFO of Highland. 5 Q. I'm just talking about officers and 6 employees right now. You have no recollection 7 of Highland ever making a loan to any of its 8 officers or employees during the time that you 9 served as CFO. Do I have that right? 10 MS. DANDENEAU: Objection to form. 11 A. So I thought you were saying 12 officers and employees as CFO, right, so there 13 were – I mean, okay, yes. 14 Q. I would ask you to listen carefully 15 to my question. If I – if I'm not clear, let 16 me know, but I'm really trying to be as clear 17 as I can. 18 A. I'm listening as carefully as I can, 19 and you are asking very specific questions in a 20 timeline. And I'm trying to answer your 21 questions as specifically as I can, and I 22 apologize if – if I'm going back. I am – you	1 WATERHOUSE - 10-19-21 2 loaned money to certain corporate affiliates; 3 correct? 4 MS. DANDENEAU: Objection to form. 5 A. What are corporate affiliates? 6 Q. How about the ones that are in 7 Highland's audited financial statements under 8 the section entitled Loans to Affiliates. Why 9 don't we start with those. Do you have any 10 understanding of what the phrase "affiliates" 11 means? 12 MS. DANDENEAU: Objection to form. 13 A. I understand what affiliates are, 14 yet affiliates can have different meanings in 15 different contexts, so 16 Q. Why don't you – why don't you tell 17 me what your understanding of the term 18 "affiliate" is in relation to Highland Capital 19 Management, L.P. 20 A. Is that a – it depends on the 21 context. 22 Q. How about the context of making	raye 41
1 WATERHOUSE - 10-19-21 2 A. I don't recall during my tenure of 3 Highland or my – as CFO of Highland – yeah, 4 if there are any loans as CFO of Highland. 5 Q. I'm just talking about officers and 6 employees right now. You have no recollection 7 of Highland ever making a loan to any of its 8 officers or employees during the time that you 9 served as CFO. Do I have that right? 10 MS. DANDENEAU: Objection to form. 11 A. So I thought you were saying 12 officers and employees as CFO, right, so there 13 were – I mean, okay, yes. 14 Q. I would ask you to listen carefully 15 to my question. If I – if I'm not clear, let 16 me know, but I'm really trying to be as clear 17 as I can. 18 A. I'm listening as carefully as I can, 19 and you are asking very specific questions in a 20 timeline. And I'm trying to answer your 21 questions as specifically as I can, and I 22 apologize if – if I'm going back. I am – you 23 are asking very specific questions. Thank you.	1 WATERHOUSE - 10-19-21 2 loaned money to certain corporate affiliates; 3 correct? 4 MS. DANDENEAU: Objection to form. 5 A. What are corporate affiliates? 6 Q. How about the ones that are in 7 Highland's audited financial statements under 8 the section entitled Loans to Affiliates. Why 9 don't we start with those. Do you have any 10 understanding of what the phrase "affiliates" 11 means? 12 MS. DANDENEAU: Objection to form. 13 A. I understand what affiliates are, 14 yet affiliates can have different meanings in 15 different contexts, so 16 Q. Why don't you – why don't you tell 17 me what your understanding of the term 18 "affiliate" is in relation to Highland Capital 19 Management, L.P. 20 A. Is that a – it depends on the 21 context. 22 Q. How about the context of making 23 loans?	raye 41
1 WATERHOUSE - 10-19-21 2 A. I don't recall during my tenure of 3 Highland or my – as CFO of Highland – yeah, 4 if there are any loans as CFO of Highland. 5 Q. I'm just talking about officers and 6 employees right now. You have no recollection 7 of Highland ever making a loan to any of its 8 officers or employees during the time that you 9 served as CFO. Do I have that right? 10 MS. DANDENEAU: Objection to form. 11 A. So I thought you were saying 12 officers and employees as CFO, right, so there 13 were – I mean, okay, yes. 14 Q. I would ask you to listen carefully 15 to my question. If I – if I'm not clear, let 16 me know, but I'm really trying to be as clear 17 as I can. 18 A. I'm listening as carefully as I can, 19 and you are asking very specific questions in a 20 timeline. And I'm trying to answer your 21 questions as specifically as I can, and I 22 apologize if – if I'm going back. I am – you	1 WATERHOUSE - 10-19-21 2 loaned money to certain corporate affiliates; 3 correct? 4 MS. DANDENEAU: Objection to form. 5 A. What are corporate affiliates? 6 Q. How about the ones that are in 7 Highland's audited financial statements under 8 the section entitled Loans to Affiliates. Why 9 don't we start with those. Do you have any 10 understanding of what the phrase "affiliates" 11 means? 12 MS. DANDENEAU: Objection to form. 13 A. I understand what affiliates are, 14 yet affiliates can have different meanings in 15 different contexts, so 16 Q. Why don't you – why don't you tell 17 me what your understanding of the term 18 "affiliate" is in relation to Highland Capital 19 Management, L.P. 20 A. Is that a – it depends on the 21 context. 22 Q. How about the context of making	raye 41

1 WATERHOUSE - 10-19-21 2 who an affiliate was or is at the time those – 3 I didn't – that wasn't my job to make a 4 determination of who an affiliate is. 5 Q. All right. So as the CFO of 6 Highland, do you have any ability right now to 7 tell me which companies that were directly or 8 indirectly owned and/or controlled by 9 Mr. Dondero in whole or in part received loans 10 from Highland Capital Management, L.P.? 11 MS. DANDENEAU: Objection to form. 12 MS. DEITSCH-PEREZ: Objection, form. 13 A. Yes. 14 Q. Okay. Identify every entity that 15 you can think of that was directly or 16 indirectly owned and/or controlled by 17 Mr. Dondero in whole or in part that received a 18 WATERHOUSE - 10-19-21 2 definition — 3 Q. I said owned and/or controlled. 4 A. I don't – again, I'm not – I'm not 5 the legal expert. I don't think it controls — 6 he controls Dugaboy, so again, I'm not the 7 legal person. 8 Q. I'm not asking you for a legal 9 conclusion, sir. I'm asking you for your 10 knowledge, okay, as the CFO – the former CFO 11 of Highland Capital Management, other than 12 NexPoint, HCMFA, and HCMF – HCMS, can you 13 A. Yes. 14 Q. Okay. Identify every entity that 15 you can think of that was directly or 16 indirectly owned and/or controlled by 17 Mr. Dondero in whole or in part that received a 18 Management, L.P.? 19 MS. DANDENEAU: Objection to form.	
3 I didn't – that wasn't my job to make a 4 determination of who an affiliate is. 5 Q. All right. So as the CFO of 6 Highland, do you have any ability right now to 7 tell me which companies that were directly or 8 indirectly owned and/or controlled by 9 Mr. Dondero in whole or in part received loans 10 from Highland Capital Management, L.P.? 11 MS. DANDENEAU: Objection to form. 12 MS. DEITSCH-PEREZ: Objection, form. 13 A. Yes. 14 Q. Okay. Identify every entity that 15 you can think of that was directly or 16 indirectly owned and/or controlled by 18 Q. I said owned and/or controlled. 4 A. I don't – again, I'm not – I'm not 5 the legal expert. I don't think it controls – 6 he controls Dugaboy, so again, I'm not the 7 legal person. 8 Q. I'm not asking you for a legal 9 conclusion, sir. I'm asking you for your 10 knowledge, okay, as the CFO – the former CFO 11 of Highland Capital Management, other than 12 NexPoint, HCMFA, and HCMF – HCMS, can you 13 A. Yes. 13 think of any other entities that were owned 14 and/or controlled directly or indirectly in 15 you can think of that was directly or 16 indirectly owned and/or controlled by 16 loan from Highland Capital Management, L.P.?	
4 determination of who an affiliate is. 5 Q. All right. So as the CFO of 6 Highland, do you have any ability right now to 7 tell me which companies that were directly or 8 indirectly owned and/or controlled by 9 Mr. Dondero in whole or in part received loans 10 from Highland Capital Management, L.P.? 11 MS. DANDENEAU: Objection to form. 12 MS. DEITSCH-PEREZ: Objection, form. 13 A. Yes. 14 Q. Okay. Identify every entity that 15 you can think of that was directly or 16 indirectly owned and/or controlled by 17 the legal expert. I don't think it controls — 18 the legal expert. I don't think it controls — 19 the legal expert. I don't think it controls — 10 he controls Dugaboy, so again, I'm not the 17 legal person. 18 Q. I'm not asking you for a legal 19 conclusion, sir. I'm asking you for your 10 knowledge, okay, as the CFO — the former CFO 11 of Highland Capital Management, other than 12 NexPoint, HCMFA, and HCMF — HCMS, can you 13 A. Yes. 13 think of any other entities that were owned 14 and/or controlled directly or indirectly in 15 you can think of that was directly or 16 indirectly owned and/or controlled by 16 loan from Highland Capital Management, L.P.?	
5 Q. All right. So as the CFO of 6 Highland, do you have any ability right now to 7 tell me which companies that were directly or 8 indirectly owned and/or controlled by 9 Mr. Dondero in whole or in part received loans 10 from Highland Capital Management, L.P.? 11 MS. DANDENEAU: Objection to form. 12 MS. DEITSCH-PEREZ: Objection, form. 13 A. Yes. 14 Q. Okay. Identify every entity that 15 you can think of that was directly or 16 indirectly owned and/or controlled by 17 the legal expert. I don't think it controls — 18 the legal expert. I don't think it controls — 19 he controls Dugaboy, so again, I'm not the 19 legal person. 10 legal person. 11 whole a conclusion, sir. I'm asking you for your 12 knowledge, okay, as the CFO — the former CFO 11 of Highland Capital Management, other than 12 NexPoint, HCMFA, and HCMF — HCMS, can you 13 think of any other entities that were owned 14 and/or controlled directly or indirectly in 15 whole or in part by Jim Dondero who received a 16 indirectly owned and/or controlled by	
6 Highland, do you have any ability right now to 7 tell me which companies that were directly or 8 indirectly owned and/or controlled by 9 Mr. Dondero in whole or in part received loans 10 from Highland Capital Management, L.P.? 11 MS. DANDENEAU: Objection to form. 12 MS. DEITSCH-PEREZ: Objection, form. 13 A. Yes. 14 Q. Okay. Identify every entity that 15 you can think of that was directly or 16 indirectly owned and/or controlled by 6 he controls Dugaboy, so again, I'm not the 7 legal person. 8 Q. I'm not asking you for a legal 9 conclusion, sir. I'm asking you for your 10 knowledge, okay, as the CFO – the former CFO 11 of Highland Capital Management, other than 12 NexPoint, HCMFA, and HCMF – HCMS, can you 13 think of any other entities that were owned 14 and/or controlled directly or indirectly in 15 whole or in part by Jim Dondero who received a 16 indirectly owned and/or controlled by 16 loan from Highland Capital Management, L.P.?	
7 tell me which companies that were directly or 8 indirectly owned and/or controlled by 9 Mr. Dondero in whole or in part received loans 10 from Highland Capital Management, L.P.? 11 MS. DANDENEAU: Objection to form. 12 MS. DEITSCH-PEREZ: Objection, form. 13 A. Yes. 14 Q. Okay. Identify every entity that 15 you can think of that was directly or 16 indirectly owned and/or controlled by 7 legal person. 8 Q. I'm not asking you for a legal 9 conclusion, sir. I'm asking you for your 10 knowledge, okay, as the CFO – the former CFO 11 of Highland Capital Management, other than 12 NexPoint, HCMFA, and HCMF – HCMS, can you 13 think of any other entities that were owned 14 and/or controlled directly or indirectly in 15 whole or in part by Jim Dondero who received a 16 loan from Highland Capital Management, L.P.?	
8 indirectly owned and/or controlled by 9 Mr. Dondero in whole or in part received loans 10 from Highland Capital Management, L.P.? 11 MS. DANDENEAU: Objection to form. 12 MS. DEITSCH-PEREZ: Objection, form. 13 A. Yes. 14 Q. Okay. Identify every entity that 15 you can think of that was directly or 16 indirectly owned and/or controlled by 8 Q. I'm not asking you for a legal 9 conclusion, sir. I'm asking you for your 10 knowledge, okay, as the CFO – the former CFO 11 of Highland Capital Management, other than 12 NexPoint, HCMFA, and HCMF – HCMS, can you 13 A. Yes. 14 and/or controlled directly or indirectly in 15 whole or in part by Jim Dondero who received a 16 loan from Highland Capital Management, L.P.?	
9 Mr. Dondero in whole or in part received loans 10 from Highland Capital Management, L.P.? 11 MS. DANDENEAU: Objection to form. 12 MS. DEITSCH-PEREZ: Objection, form. 13 A. Yes. 14 Q. Okay. Identify every entity that 15 you can think of that was directly or 16 indirectly owned and/or controlled by 9 conclusion, sir. I'm asking you for your 10 knowledge, okay, as the CFO – the former CFO 11 of Highland Capital Management, other than 12 NexPoint, HCMFA, and HCMF – HCMS, can you 13 think of any other entities that were owned 14 and/or controlled directly or indirectly in 15 whole or in part by Jim Dondero who received a 16 loan from Highland Capital Management, L.P.?	
10 from Highland Capital Management, L.P.? 11 MS. DANDENEAU: Objection to form. 12 MS. DEITSCH-PEREZ: Objection, form. 13 A. Yes. 14 Q. Okay. Identify every entity that 15 you can think of that was directly or 16 indirectly owned and/or controlled by 10 knowledge, okay, as the CFO – the former CFO 11 of Highland Capital Management, other than 12 NexPoint, HCMFA, and HCMF – HCMS, can you 13 think of any other entities that were owned 14 and/or controlled directly or indirectly in 15 whole or in part by Jim Dondero who received a 16 loan from Highland Capital Management, L.P.?	
11 MS. DANDENEAU: Objection to form. 12 MS. DEITSCH-PEREZ: Objection, form. 13 A. Yes. 14 Q. Okay. Identify every entity that 15 you can think of that was directly or 16 indirectly owned and/or controlled by 11 of Highland Capital Management, other than 12 NexPoint, HCMFA, and HCMF – HCMS, can you 13 think of any other entities that were owned 14 and/or controlled directly or indirectly in 15 whole or in part by Jim Dondero who received a 16 loan from Highland Capital Management, L.P.?	
12 MS. DEITSCH-PEREZ: Objection, form. 13 A. Yes. 14 Q. Okay. Identify every entity that 15 you can think of that was directly or 16 indirectly owned and/or controlled by 12 NexPoint, HCMFA, and HCMF – HCMS, can you 13 think of any other entities that were owned 14 and/or controlled directly or indirectly in 15 whole or in part by Jim Dondero who received a 16 loan from Highland Capital Management, L.P.?	
13 A. Yes. 14 Q. Okay. Identify every entity that 15 you can think of that was directly or 16 indirectly owned and/or controlled by 13 think of any other entities that were owned 14 and/or controlled directly or indirectly in 15 whole or in part by Jim Dondero who received a 16 loan from Highland Capital Management, L.P.?	
14 Q. Okay. Identify every entity that 15 you can think of that was directly or 16 indirectly owned and/or controlled by 14 and/or controlled directly or indirectly in 15 whole or in part by Jim Dondero who received a 16 loan from Highland Capital Management, L.P.?	
15 you can think of that was directly or 16 indirectly owned and/or controlled by 15 whole or in part by Jim Dondero who received a 16 loan from Highland Capital Management, L.P.?	
15 you can think of that was directly or 16 indirectly owned and/or controlled by 15 whole or in part by Jim Dondero who received a 16 loan from Highland Capital Management, L.P.?	
16 indirectly owned and/or controlled by 16 loan from Highland Capital Management, L.P.?	
17 Mr. Dondero in whole or in part that received a 17 MS. DANDENEAU: Objection to form.	
18 Ioan from Highland Capital Management, L.P. 18 A. HCRE.	
19 MR. RUKAVINA: Objection, legal 19 Q. Any others?	
20 conclusion. 20 A. That is all I can think	
21 A. NexPoint Advisors, Highland Capital 21 of.	
22 Management Fund Advisors, HCM Services, 22 Q. And you're aware that from time to	
23 Dugaboy. Sorry, I don't think – Dugaboy 23 time while you were the CFO, Highland loaned	
24 doesn't fit that definition. You said owned 24 money to Jim Dondero; correct?	
25 and controlled. I don't think that that 25 A. Yes.	
20 7t. 165.	
Page 44 1 WATERHOUSE - 10-19-21 1 WATERHOUSE - 10-19-21	Page 45
2 Q. Okay. Can we refer to the four 2 identified tendered notes to Highland; correct?	
3 entities that you just named and Mr. Dondero as 3 MR. RUKAVINA: Hey, John, will you	
4 the affiliates? 4 just give me a running objection to legal	
5 A. So that would be Jim Dondero, 5 conclusion to HCM –	
6 NexPoint Advisors, Highland Capital Management 6 MR. MORRIS: No. No, if you want to	
7 Fund Advisors, and HCRE. 7 object –	
8 Q. And HCMS? 8 MR. RUKAVINA: I will object every	
9 A. And HCMS, okay. 9 time. Object to legal conclusion.	
10 Q. And can we refer to the loans that 10 MR. MORRIS: That is fine.	
11 were given to each of those affiliates as the 11 A. Sorry, can you repeat the question?	
12 affiliate loans? 12 Q. Are you aware that each of the –	
13 A. Yes. 13 that each of the affiliates, as we have defined	
14 Q. And is it fair to say that each of 14 the term, gave to Highland a promissory note in	
15 the affiliates were the borrowers under the 15 exchange for the loans?	
,	
17 MR. RUKAVINA: Objection, legal 17 extent that calls for a legal conclusion.	
18 conclusion. 18 A. I don't. 10 A. The horrowers are when you were an analysis of the control	
19 A. The borrowers are whoever were on 19 Q. No, you don't know that?	
20 the notes. I don't – I don't know. I'm not 20 A. No, they didn't – you said they 21 the logal paragraph.	
21 the legal person. 21 exchanged a promissory note for a loan. I	
22 Q. But you – 22 don't – I don't understand that question, so I	
23 A. I don't know. 23 said no.	
24 Q. You do know, as Highland's former 25 CFO that each of the affiliates that you have	
25 CFO, that each of the affiliates that you have 25 filing, did Highland have in its possession	

D 40	D 43
Page 46 1 WATERHOUSE - 10-19-21	Page 47 1 WATERHOUSE - 10-19-21
2 promissory notes that were signed by each of	2 state that now.
3 the affiliates?	3 MS. DANDENEAU: You know, and,
4 A. Yes.	4 Mr. Morris, I really object to that. I
5 Q. To the best of your knowledge,	5 mean –
6 during the time that you served as Highland's	6 MR. MORRIS: Okay.
7 CFO, did Highland disclose to its outside	7 MS. DANDENEAU: – Mr. Waterhouse
8 auditors all of the loans that were made to	8 just told you he's trying to listen to your
9 affiliates?	9 questions and answer them carefully, and
10 MR. RUKAVINA: Objection, that calls	10 you have no basis for saying that.
11 for a legal conclusion.	11 MR. MORRIS: Okay.
12 MS. DEITSCH-PEREZ: I also couldn't	12 MS. DANDENEAU: This does not
13 hear you, John, because there was some	this is not an experienced witness, so he's
14 garbling on – on the – on the call.	14 trying to do the best he can.
15 MR. MORRIS: Folks, I've got to tell	15 Q. Mr. Waterhouse, during the time that
16 you this is not going well, and I'm	16 you served as Highland's CFO, did Highland
17 reserving my right –	17 disclose to its outside auditors all of the
18 MS. DANDENEAU: John, it was just	18 loans that it made to each of the affiliates
19 the end of that question. It was just the	19 that you have identified?
20 end of that question. I couldn't hear it	20 MR. RUKAVINA: Objection, legal
21 either. Sorry, if you could repeat it,	21 conclusion.
22 please.	22 A. Yes.
23 MR. MORRIS: That is less than an	23 Q. To the best of your knowledge, while
24 hour into this, but folks are trying to run	24 you were Highland's CFO, were all of the
25 out the clock, and so I'm just going to	25 affiliate loans described in Highland's audited
Page 48	Page 49
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
1 WATERHOUSE - 10-19-21 2 financial statements?	
1 WATERHOUSE - 10-19-21 2 financial statements? 3 MR. RUKAVINA: Objection, legal	1 WATERHOUSE - 10-19-21 2 conclusion. 3 A. Yes.
 WATERHOUSE - 10-19-21 financial statements? MR. RUKAVINA: Objection, legal conclusion. 	 1 WATERHOUSE - 10-19-21 2 conclusion. 3 A. Yes. 4 Q. You are not aware of any loan that
1 WATERHOUSE - 10-19-21 2 financial statements? 3 MR. RUKAVINA: Objection, legal	1 WATERHOUSE - 10-19-21 2 conclusion. 3 A. Yes.
 WATERHOUSE - 10-19-21 financial statements? MR. RUKAVINA: Objection, legal conclusion. A. When an audit was performed, any loans that were made by Highland to the 	 WATERHOUSE - 10-19-21 conclusion. A. Yes. Q. You are not aware of any loan that any affiliate ever obtained from Highland where the affiliate did not give a promissory note in
 1 WATERHOUSE - 10-19-21 2 financial statements? 3 MR. RUKAVINA: Objection, legal 4 conclusion. 5 A. When an audit was performed, any 6 loans that were made by Highland to the 7 affiliates were disclosed to auditors. 	 WATERHOUSE - 10-19-21 conclusion. A. Yes. Q. You are not aware of any loan that any affiliate ever obtained from Highland where the affiliate did not give a promissory note in return; is that fair?
 1 WATERHOUSE - 10-19-21 2 financial statements? 3 MR. RUKAVINA: Objection, legal 4 conclusion. 5 A. When an audit was performed, any 6 loans that were made by Highland to the 7 affiliates were disclosed to auditors. 8 Q. Are you aware of any loan that was 	 WATERHOUSE - 10-19-21 conclusion. A. Yes. Q. You are not aware of any loan that any affiliate ever obtained from Highland where the affiliate did not give a promissory note in return; is that fair? A. Yes, I'm not aware.
1 WATERHOUSE - 10-19-21 2 financial statements? 3 MR. RUKAVINA: Objection, legal 4 conclusion. 5 A. When an audit was performed, any 6 loans that were made by Highland to the 7 affiliates were disclosed to auditors. 8 Q. Are you aware of any loan that was 9 made to any affiliate that was not disclosed to	 WATERHOUSE - 10-19-21 conclusion. A. Yes. Q. You are not aware of any loan that any affiliate ever obtained from Highland where the affiliate did not give a promissory note in return; is that fair? A. Yes, I'm not aware. Q. And to the best of your knowledge,
1 WATERHOUSE - 10-19-21 2 financial statements? 3 MR. RUKAVINA: Objection, legal 4 conclusion. 5 A. When an audit was performed, any 6 loans that were made by Highland to the 7 affiliates were disclosed to auditors. 8 Q. Are you aware of any loan that was 9 made to any affiliate that was not disclosed to 10 the auditors?	 WATERHOUSE - 10-19-21 conclusion. A. Yes. Q. You are not aware of any loan that any affiliate ever obtained from Highland where the affiliate did not give a promissory note in return; is that fair? A. Yes, I'm not aware. Q. And to the best of your knowledge, did Highland loan to each affiliate an amount
1 WATERHOUSE - 10-19-21 2 financial statements? 3 MR. RUKAVINA: Objection, legal 4 conclusion. 5 A. When an audit was performed, any 6 loans that were made by Highland to the 7 affiliates were disclosed to auditors. 8 Q. Are you aware of any loan that was 9 made to any affiliate that was not disclosed to 10 the auditors? 11 A. I'm not aware.	 WATERHOUSE - 10-19-21 conclusion. A. Yes. Q. You are not aware of any loan that any affiliate ever obtained from Highland where the affiliate did not give a promissory note in return; is that fair? A. Yes, I'm not aware. Q. And to the best of your knowledge, did Highland loan to each affiliate an amount of money equal to the principal amount of each
1 WATERHOUSE - 10-19-21 2 financial statements? 3 MR. RUKAVINA: Objection, legal 4 conclusion. 5 A. When an audit was performed, any 6 loans that were made by Highland to the 7 affiliates were disclosed to auditors. 8 Q. Are you aware of any loan that was 9 made to any affiliate that was not disclosed to 10 the auditors? 11 A. I'm not aware. 12 Q. To the best of your knowledge, did	 WATERHOUSE - 10-19-21 conclusion. A. Yes. Q. You are not aware of any loan that any affiliate ever obtained from Highland where the affiliate did not give a promissory note in return; is that fair? A. Yes, I'm not aware. Q. And to the best of your knowledge, did Highland loan to each affiliate an amount of money equal to the principal amount of each promissory note?
1 WATERHOUSE - 10-19-21 2 financial statements? 3 MR. RUKAVINA: Objection, legal 4 conclusion. 5 A. When an audit was performed, any 6 loans that were made by Highland to the 7 affiliates were disclosed to auditors. 8 Q. Are you aware of any loan that was 9 made to any affiliate that was not disclosed to 10 the auditors? 11 A. I'm not aware. 12 Q. To the best of your knowledge, did 13 each of the affiliates who were —	 WATERHOUSE - 10-19-21 conclusion. A. Yes. Q. You are not aware of any loan that any affiliate ever obtained from Highland where the affiliate did not give a promissory note in return; is that fair? A. Yes, I'm not aware. Q. And to the best of your knowledge, did Highland loan to each affiliate an amount of money equal to the principal amount of each promissory note? MR. RUKAVINA: Objection, legal
1 WATERHOUSE - 10-19-21 2 financial statements? 3 MR. RUKAVINA: Objection, legal 4 conclusion. 5 A. When an audit was performed, any 6 loans that were made by Highland to the 7 affiliates were disclosed to auditors. 8 Q. Are you aware of any loan that was 9 made to any affiliate that was not disclosed to 10 the auditors? 11 A. I'm not aware. 12 Q. To the best of your knowledge, did 13 each of the affiliates who were — 14 (inaudible) — loaned from Highland execute a	 WATERHOUSE - 10-19-21 conclusion. A. Yes. Q. You are not aware of any loan that any affiliate ever obtained from Highland where the affiliate did not give a promissory note in return; is that fair? A. Yes, I'm not aware. Q. And to the best of your knowledge, did Highland loan to each affiliate an amount of money equal to the principal amount of each promissory note? MR. RUKAVINA: Objection, legal conclusion.
1 WATERHOUSE - 10-19-21 2 financial statements? 3 MR. RUKAVINA: Objection, legal 4 conclusion. 5 A. When an audit was performed, any 6 loans that were made by Highland to the 7 affiliates were disclosed to auditors. 8 Q. Are you aware of any loan that was 9 made to any affiliate that was not disclosed to 10 the auditors? 11 A. I'm not aware. 12 Q. To the best of your knowledge, did 13 each of the affiliates who were – 14 (inaudible) – loaned from Highland execute a 15 promissory note in connection with that loan?	 WATERHOUSE - 10-19-21 conclusion. A. Yes. Q. You are not aware of any loan that any affiliate ever obtained from Highland where the affiliate did not give a promissory note in retum; is that fair? A. Yes, I'm not aware. Q. And to the best of your knowledge, did Highland loan to each affiliate an amount of money equal to the principal amount of each promissory note? MR. RUKAVINA: Objection, legal conclusion. A. Yes.
1 WATERHOUSE - 10-19-21 2 financial statements? 3 MR. RUKAVINA: Objection, legal 4 conclusion. 5 A. When an audit was performed, any 6 loans that were made by Highland to the 7 affiliates were disclosed to auditors. 8 Q. Are you aware of any loan that was 9 made to any affiliate that was not disclosed to 10 the auditors? 11 A. I'm not aware. 12 Q. To the best of your knowledge, did 13 each of the affiliates who were — 14 (inaudible) — loaned from Highland execute a 15 promissory note in connection with that loan? 16 MR. RUKAVINA: Objection, legal	 WATERHOUSE - 10-19-21 conclusion. A. Yes. Q. You are not aware of any loan that any affiliate ever obtained from Highland where the affiliate did not give a promissory note in return; is that fair? A. Yes, I'm not aware. Q. And to the best of your knowledge, did Highland loan to each affiliate an amount of money equal to the principal amount of each promissory note? MR. RUKAVINA: Objection, legal conclusion. A. Yes. Q. During the time that you served as
1 WATERHOUSE - 10-19-21 2 financial statements? 3 MR. RUKAVINA: Objection, legal 4 conclusion. 5 A. When an audit was performed, any 6 loans that were made by Highland to the 7 affiliates were disclosed to auditors. 8 Q. Are you aware of any loan that was 9 made to any affiliate that was not disclosed to 10 the auditors? 11 A. I'm not aware. 12 Q. To the best of your knowledge, did 13 each of the affiliates who were – 14 (inaudible) – loaned from Highland execute a 15 promissory note in connection with that loan? 16 MR. RUKAVINA: Objection, legal 17 conclusion.	 WATERHOUSE - 10-19-21 conclusion. A. Yes. Q. You are not aware of any loan that any affiliate ever obtained from Highland where the affiliate did not give a promissory note in return; is that fair? A. Yes, I'm not aware. Q. And to the best of your knowledge, did Highland loan to each affiliate an amount of money equal to the principal amount of each promissory note? MR. RUKAVINA: Objection, legal conclusion. A. Yes. Q. During the time that you served as CFO, did Highland ever loan money to
1 WATERHOUSE - 10-19-21 2 financial statements? 3 MR. RUKAVINA: Objection, legal 4 conclusion. 5 A. When an audit was performed, any 6 loans that were made by Highland to the 7 affiliates were disclosed to auditors. 8 Q. Are you aware of any loan that was 9 made to any affiliate that was not disclosed to 10 the auditors? 11 A. I'm not aware. 12 Q. To the best of your knowledge, did 13 each of the affiliates who were – 14 (inaudible) – loaned from Highland execute a 15 promissory note in connection with that loan? 16 MR. RUKAVINA: Objection, legal 17 conclusion. 18 A. Sorry, you – halfway through the	 WATERHOUSE - 10-19-21 conclusion. A. Yes. Q. You are not aware of any loan that any affiliate ever obtained from Highland where the affiliate did not give a promissory note in retum; is that fair? A. Yes, I'm not aware. Q. And to the best of your knowledge, did Highland loan to each affiliate an amount of money equal to the principal amount of each promissory note? MR. RUKAVINA: Objection, legal conclusion. A. Yes. Q. During the time that you served as CFO, did Highland ever loan money to Mark Okada?
1 WATERHOUSE - 10-19-21 2 financial statements? 3 MR. RUKAVINA: Objection, legal 4 conclusion. 5 A. When an audit was performed, any 6 loans that were made by Highland to the 7 affiliates were disclosed to auditors. 8 Q. Are you aware of any loan that was 9 made to any affiliate that was not disclosed to 10 the auditors? 11 A. I'm not aware. 12 Q. To the best of your knowledge, did 13 each of the affiliates who were – 14 (inaudible) – loaned from Highland execute a 15 promissory note in connection with that loan? 16 MR. RUKAVINA: Objection, legal 17 conclusion. 18 A. Sorry, you – halfway through the 19 question it got muffled.	 WATERHOUSE - 10-19-21 conclusion. A. Yes. Q. You are not aware of any loan that any affiliate ever obtained from Highland where the affiliate did not give a promissory note in return; is that fair? A. Yes, I'm not aware. Q. And to the best of your knowledge, did Highland loan to each affiliate an amount of money equal to the principal amount of each promissory note? MR. RUKAVINA: Objection, legal conclusion. A. Yes. Q. During the time that you served as CFO, did Highland ever loan money to Mark Okada? A. I – I don't recall.
1 WATERHOUSE - 10-19-21 2 financial statements? 3 MR. RUKAVINA: Objection, legal 4 conclusion. 5 A. When an audit was performed, any 6 loans that were made by Highland to the 7 affiliates were disclosed to auditors. 8 Q. Are you aware of any loan that was 9 made to any affiliate that was not disclosed to 10 the auditors? 11 A. I'm not aware. 12 Q. To the best of your knowledge, did 13 each of the affiliates who were – 14 (inaudible) – loaned from Highland execute a 15 promissory note in connection with that loan? 16 MR. RUKAVINA: Objection, legal 17 conclusion. 18 A. Sorry, you – halfway through the 19 question it got muffled. 20 Can you repeat that again?	 WATERHOUSE - 10-19-21 conclusion. A. Yes. Q. You are not aware of any loan that any affiliate ever obtained from Highland where the affiliate did not give a promissory note in return; is that fair? A. Yes, I'm not aware. Q. And to the best of your knowledge, did Highland loan to each affiliate an amount of money equal to the principal amount of each promissory note? MR. RUKAVINA: Objection, legal conclusion. A. Yes. Q. During the time that you served as CFO, did Highland ever loan money to Mark Okada? A. I – I don't recall. Q. Did you ever see any promissory
1 WATERHOUSE - 10-19-21 2 financial statements? 3 MR. RUKAVINA: Objection, legal 4 conclusion. 5 A. When an audit was performed, any 6 loans that were made by Highland to the 7 affiliates were disclosed to auditors. 8 Q. Are you aware of any loan that was 9 made to any affiliate that was not disclosed to 10 the auditors? 11 A. I'm not aware. 12 Q. To the best of your knowledge, did 13 each of the affiliates who were – 14 (inaudible) – loaned from Highland execute a 15 promissory note in connection with that loan? 16 MR. RUKAVINA: Objection, legal 17 conclusion. 18 A. Sorry, you – halfway through the 19 question it got muffled. 20 Can you repeat that again? 21 Q. To the best of your knowledge, did	WATERHOUSE - 10-19-21 conclusion. A. Yes. Q. You are not aware of any loan that any affiliate ever obtained from Highland where the affiliate did not give a promissory note in return; is that fair? A. Yes, I'm not aware. Q. And to the best of your knowledge, did Highland loan to each affiliate an amount of money equal to the principal amount of each promissory note? MR. RUKAVINA: Objection, legal conclusion. A. Yes. Q. During the time that you served as CFO, did Highland ever loan money to Mark Okada? A. I – I don't recall. Q. Did you ever see any promissory notes executed by Mark Okada?
1 WATERHOUSE - 10-19-21 2 financial statements? 3 MR. RUKAVINA: Objection, legal 4 conclusion. 5 A. When an audit was performed, any 6 loans that were made by Highland to the 7 affiliates were disclosed to auditors. 8 Q. Are you aware of any loan that was 9 made to any affiliate that was not disclosed to 10 the auditors? 11 A. I'm not aware. 12 Q. To the best of your knowledge, did 13 each of the affiliates who were — 14 (inaudible) — loaned from Highland execute a 15 promissory note in connection with that loan? 16 MR. RUKAVINA: Objection, legal 17 conclusion. 18 A. Sorry, you — halfway through the 19 question it got muffled. 20 Can you repeat that again? 21 Q. To the best of your knowledge, did 22 every affiliate execute a promissory note in	 WATERHOUSE - 10-19-21 conclusion. A. Yes. Q. You are not aware of any loan that any affiliate ever obtained from Highland where the affiliate did not give a promissory note in return; is that fair? A. Yes, I'm not aware. Q. And to the best of your knowledge, did Highland loan to each affiliate an amount of money equal to the principal amount of each promissory note? MR. RUKAVINA: Objection, legal conclusion. A. Yes. Q. During the time that you served as CFO, did Highland ever loan money to Mark Okada? A. I – I don't recall. Q. Did you ever see any promissory notes executed by Mark Okada? A. I don't recall.
financial statements? MR. RUKAVINA: Objection, legal conclusion. A. When an audit was performed, any loans that were made by Highland to the filliates were disclosed to auditors. Q. Are you aware of any loan that was made to any affiliate that was not disclosed to the auditors? A. I'm not aware. Q. To the best of your knowledge, did each of the affiliates who were — (inaudible) — loaned from Highland execute a promissory note in connection with that loan? MR. RUKAVINA: Objection, legal conclusion. A. Sorry, you — halfway through the question it got muffled. Can you repeat that again? Q. To the best of your knowledge, did every affiliate execute a promissory note in connection with each loan that it obtained from	 WATERHOUSE - 10-19-21 conclusion. A. Yes. Q. You are not aware of any loan that any affiliate ever obtained from Highland where the affiliate did not give a promissory note in return; is that fair? A. Yes, I'm not aware. Q. And to the best of your knowledge, did Highland loan to each affiliate an amount of money equal to the principal amount of each promissory note? MR. RUKAVINA: Objection, legal conclusion. A. Yes. Q. During the time that you served as CFO, did Highland ever loan money to Mark Okada? A. I – I don't recall. Q. Did you ever see any promissory notes executed by Mark Okada? A. I don't recall. Q. Do you know if Highland ever forgave
1 WATERHOUSE - 10-19-21 2 financial statements? 3 MR. RUKAVINA: Objection, legal 4 conclusion. 5 A. When an audit was performed, any 6 loans that were made by Highland to the 7 affiliates were disclosed to auditors. 8 Q. Are you aware of any loan that was 9 made to any affiliate that was not disclosed to 10 the auditors? 11 A. I'm not aware. 12 Q. To the best of your knowledge, did 13 each of the affiliates who were — 14 (inaudible) — loaned from Highland execute a 15 promissory note in connection with that loan? 16 MR. RUKAVINA: Objection, legal 17 conclusion. 18 A. Sorry, you — halfway through the 19 question it got muffled. 20 Can you repeat that again? 21 Q. To the best of your knowledge, did 22 every affiliate execute a promissory note in	 WATERHOUSE - 10-19-21 conclusion. A. Yes. Q. You are not aware of any loan that any affiliate ever obtained from Highland where the affiliate did not give a promissory note in return; is that fair? A. Yes, I'm not aware. Q. And to the best of your knowledge, did Highland loan to each affiliate an amount of money equal to the principal amount of each promissory note? MR. RUKAVINA: Objection, legal conclusion. A. Yes. Q. During the time that you served as CFO, did Highland ever loan money to Mark Okada? A. I – I don't recall. Q. Did you ever see any promissory notes executed by Mark Okada? A. I don't recall.

1	Page 50 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 51
2	Q. Do you recall if Mr. Okada paid back	2	loan?	
3	all principal and interest due and owing under	3	Q. Without giving a – let me ask a	
4	any loan he obtained from Highland?	4	better question. I'm sorry, Mr. Waterhouse.	
5	MS. DEITSCH-PEREZ: Objection to	5	Are you aware of any loan that	
6	form.	6	Mr. Dondero obtained from Highland where he	
7	MS. DANDENEAU: Objection to form.	7	didn't give a promissory note in return?	
8	A. I don't recall.	8	A. I'm not aware.	
9	Q. Do you recall whether – during your	9	Q. During the time that you served as	
10	time as CFO, whether Highland ever loaned money	10	Highland's CFO, did Highland ever forgive any	
Ι	to Jim Dondero?	11		
11			loans, in whole or in part, that it made to Mr. Dondero?	
12	A. Yes.	12		
13	Q. To the best of your knowledge, did	13	A. Not that I'm aware.	
14	Mr. Dondero sign and deliver to Highland a	14	Q. At the time that you served as	
15	promissory note in connection with each loan	15	Highland's CFO, did Highland ever forgive any	
16	that he obtained from Highland?	16	loan, in whole or in part, that it made to any	
17	A. If you are referring to the	17	affiliate as we've defined the term today?	
18	promissory notes that, you know, part of	18	A. Not that I'm aware.	
19	Highland's records, yes.	19	Q. During the time that you served as	
20	Q. Okay. You're not aware of any loan	20	Highland's CFO, did Highland ever forgive, in	
21	that Mr. Dondero took from Highland that wasn't	21	whole or in part, any loan that it ever made to	
22	backed up by – by a promissory note with a	22	any officer or employee?	
23	face – with a principal amount equal to the	23	A. Highland forgave loans to officers	
24	amount of the loan; correct?	24	and employees. It may not have been at the	
25	A. Am I aware that Jim Dondero took a	25	time when my title was CFO.	
	Page 52 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 53
2	Q. Okay. And so I appreciate the	2	that were of – you know, that were deemed	
3	distinction.	3	immaterial, those items may not have been	
4	Is it fair to say that, to the best	4	disclosed by the team to the auditors.	
5	of your knowledge, Highland did not forgive a	5	Q. I appreciate that.	
6	loan that it made to an officer or employee	6	Do you have an understanding as to	
7	after 2013?	7	what the level of materiality was?	
8	MS. DANDENEAU: Objection to form.	8	A. I don't recall.	
9	A. I don't recall.	9	Q. As the CFO of Highland, to the best	
10	Q. To the best of your knowledge, did	10	of your knowledge, did Highland disclose to its	
11	Highland disclose to its auditors every	11	outside auditors every loan that was forgiven,	
١	instance where it forgave, in whole or in part,		in whole or in part, that was material as that	
12	a loan that it had made to one of its officers	12	•	
13		13	term was defined by the outside auditors?	
14	or employees?	14	A. Yes.	
15	A. No.	15	Q. And do you recall where – do you	
16	Q. Can you think of can you can	16	recall where the definition of materiality can	
17	you identify any loan to an officer or employee	17	be found for – for this particular purpose?	
18	that was forgiven by Highland, in whole or in	18	MS. DANDENEAU: Objection to form.	
19	part, that was not disclosed to Highland's	19	A. No. You – I don't determine	
20	outside auditors?	20	materiality.	
21	A. Look, I don't recall all of the	21	Q. Okay. I'm just asking you if you	
22	loans and the loan forgiveness. I just know as	22	can help me understand where it is, but I think	
23	part of the audit process there is a	23	we will find it in a few minutes.	
24	materiality concept.	24	You are aware that Highland has	
25	So if there were loans to employees	25	commenced lawsuits against each of the	

Page 54	Page 55
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
2 affiliates, as we've defined the term, to	2 Mr. Dondero we will call Mr. Dondero. Okay?
3 collect under certain promissory notes; is that	3 A. Okay. Thank you. As you can see,
4 right?	4 Mr. Morris, there is a lot of entities – a lot
5 A. Yes.	5 here. I just want to be clear.
6 Q. And are you familiar with the notes	6 Q. Okay. Now, the affiliates of
7 that are issue – at issue in the lawsuits?	7 Mr. Dondero signed promissory notes that are
8 MS. DANDENEAU: Objection to form.	8 not subject to the lawsuit.
9 A. Generally familiar.	9 Do you understand that?
10 Q. Can we refer to the lawsuits that	10 MS. DANDENEAU: Objection to form.
11 Highland has commenced against the affiliates	11 A. The affiliates and Mr. Dondero
12 collectively as the lawsuits?	12 signed —
13 A. Yes. And, again, the affiliates are	13 Q. You know what? I will skip it.
14 NexPoint, HCMFA, HCMS, and HCRE.	14 That is okay. Okay.
15 Q. And Mr. Dondero?	15 From time to time while you were
16 A. Okay. See, that is a new – and now	16 Highland's CFO, payments were applied against
17 Mr. Dondero is included in your affiliate	17 principal and interests that were due under the
18 definition.	18 notes that were tendered by the affiliates and
19 Q. I just –	19 Mr. Dondero; correct?
20 A. I thought affiliates – I thought	20 MR. RUKAVINA: Objection to the
21 affiliates were just the four prior entities,	21 extent that calls for a legal conclusion.
22 so I just want to be clear.	22 A. Yes.
23 Q. I appreciate that. So let's –	23 Q. Did Highland have a process where
24 let's keep them separate and let's refer to the	24 whereby payments would be applied against
25 four corporate entities as the affiliates, and	25 principal and interest against the notes that
Page 56	Page 57
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
2 were given by the affiliates and Mr. Dondero?	2 A. Did I approve the payments? I
3 A. Yes.	3 approve – I approve – if there was cash – if
4 Q. Can you describe the process for me?	4 there was cash being repaid on a note payment,
5 A. The process, payment should be	5 yes, I approved in the general sense of being
6 applied as laid out in the – in the promissory 7 note.	 6 made aware of the payment and the amount. 7 Q. And are you the person who
1 ' '	
9 that were not required under the promissory10 notes?	9 those payments?10 A. Yes.
11 MS. DANDENEAU: Objection to form.	11 Q. When you gave the instruction to
12 A. Yes.	12 effectuate the payment, did you obtain
13 Q. Who was responsible for deciding	13 Mr. Dondero's prior approval?
14 when and how much the payments would be made	14 A. I mean, it – I mean, it – it
15 with respect to each of the notes that were	15 depends.
16 issued by the affiliates and Mr. Dondero?	16 Q. Can you think of any instance where
17 A. Who was responsible for deciding how	17 you directed Highland's employees to make a
18 much was paid prior to the due date?	18 payment of principal or interest against any
19 Q. Yes.	19 note that was tendered by an affiliate or
20 A. Idon't know.	20 Mr. Dondero that Mr. Dondero did not approve of
21 Q. Did you approve of each payment that	21 in advance?
22 was made against principal and interest on the	22 A. I can't recall specifically.
23 notes that were given by the affiliates and	23 Q. Can you identify – withdrawn.
24 Mr. Dondero?	24 Did Mr. Dondero ever tell you that a
25 MS. DANDENEAU: Objection to form.	25 payment that was made against principal and
The state of the s	25 pagariot a laterrato mado aguirrot principal and

Page 58	Page 5
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
2 interest due under one of the notes that was	2 A. I don't recall specifically.
3 tendered by an affiliate or himself should not	3 Q. Do you recall what year it was?
4 have been made?	4 A. Yes.
5 A. Yes.	5 Q. What year did the conversation with
6 Q. Can you identify the payment for me?	6 Mr. Dondero take place that you just described?
7 A. It would be for – for NexPoint	7 A. 2020.
8 Advisors.	8 Q. Okay. Do you remember if it was
9 Q. Okay. And when did Mr. Dondero tell	9 December 2020?
10 you that a payment that you had initiated on	10 A. It – it – I don't – I don't
11 behalf of NexPoint should not have been made?	11 recall what month specifically, but it would
12 A. I wasn't initiating payment. It was	12 have been November or December.
13 in the context of the – I think you used this	13 Q. And we're talking here about a
14 term, "the advisors," so NexPoint Advisors and	14 payment of principal and/or interest that was
15 Highland Capital Management Fund Advisors had	15 due – withdrawn.
16 overpaid on certain agreements with Highland	16 We're talking here about a payment
17 Capital Management, L.P. And as a part of that	17 of principal and interest that was applied
18 process, the advisors – what I was told at the	18 against NexPoint's note; correct?
19 time were in talks and negotiations and	19 MS. DANDENEAU: Objection to form.
20 discussions with Highland Capital Management,	20 A. I don't recall what that payment
21 L.P., on offsets in relation to those	21 consisted of.
22 overpayments.	22 Q. Is it possible that the payment you
23 Q. When did this conversation take	23 have in mind related to the shared services
24 place?	24 agreement?
25 MS. DANDENEAU: Objection to form.	25 MS. DANDENEAU: Objection to form.
P 00	
Page 60	Page 6
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
1 WATERHOUSE - 10-19-21 2 A. No.	1 WATERHOUSE - 10-19-21 2 A. Yes, generally.
1 WATERHOUSE - 10-19-21 2 A. No. 3 Q. Are you certain that the payment –	 WATERHOUSE - 10-19-21 A. Yes, generally. Q. Can you identify any loan that was
1 WATERHOUSE - 10-19-21 2 A. No. 3 Q. Are you certain that the payment — 4 that the payment that you have in mind related	 WATERHOUSE - 10-19-21 A. Yes, generally. Q. Can you identify any loan that was ever made to an affiliate or to Mr. Dondero
1 WATERHOUSE - 10-19-21 2 A. No. 3 Q. Are you certain that the payment — 4 that the payment that you have in mind related 5 to the promissory note that NexPoint issued in	 WATERHOUSE - 10-19-21 A. Yes, generally. Q. Can you identify any loan that was ever made to an affiliate or to Mr. Dondero that Mr. Dondero did not approve of in advance?
1 WATERHOUSE - 10-19-21 2 A. No. 3 Q. Are you certain that the payment — 4 that the payment that you have in mind related 5 to the promissory note that NexPoint issued in 6 favor of Highland?	 WATERHOUSE - 10-19-21 A. Yes, generally. Q. Can you identify any loan that was ever made to an affiliate or to Mr. Dondero that Mr. Dondero did not approve of in advance? A. Other than the ones that are in
1 WATERHOUSE - 10-19-21 2 A. No. 3 Q. Are you certain that the payment — 4 that the payment that you have in mind related 5 to the promissory note that NexPoint issued in 6 favor of Highland? 7 MS. DANDENEAU: Objection to form.	 WATERHOUSE - 10-19-21 A. Yes, generally. Q. Can you identify any loan that was ever made to an affiliate or to Mr. Dondero that Mr. Dondero did not approve of in advance? A. Other than the ones that are in dispute, I'm not aware.
1 WATERHOUSE - 10-19-21 2 A. No. 3 Q. Are you certain that the payment — 4 that the payment that you have in mind related 5 to the promissory note that NexPoint issued in 6 favor of Highland? 7 MS. DANDENEAU: Objection to form. 8 A. Yes.	 WATERHOUSE - 10-19-21 A. Yes, generally. Q. Can you identify any loan that was ever made to an affiliate or to Mr. Dondero that Mr. Dondero did not approve of in advance? A. Other than the ones that are in dispute, I'm not aware. Q. Do you believe that Mr. Dondero did
1 WATERHOUSE - 10-19-21 2 A. No. 3 Q. Are you certain that the payment — 4 that the payment that you have in mind related 5 to the promissory note that NexPoint issued in 6 favor of Highland? 7 MS. DANDENEAU: Objection to form. 8 A. Yes. 9 Q. Okay. Other than that one payment,	 WATERHOUSE - 10-19-21 A. Yes, generally. Q. Can you identify any loan that was ever made to an affiliate or to Mr. Dondero that Mr. Dondero did not approve of in advance? A. Other than the ones that are in dispute, I'm not aware. Q. Do you believe that Mr. Dondero did not approve of each of the loans that are in
1 WATERHOUSE - 10-19-21 2 A. No. 3 Q. Are you certain that the payment — 4 that the payment that you have in mind related 5 to the promissory note that NexPoint issued in 6 favor of Highland? 7 MS. DANDENEAU: Objection to form. 8 A. Yes. 9 Q. Okay. Other than that one payment, 10 can you identify any other instance where	 WATERHOUSE - 10-19-21 A. Yes, generally. Q. Can you identify any loan that was ever made to an affiliate or to Mr. Dondero that Mr. Dondero did not approve of in advance? A. Other than the ones that are in dispute, I'm not aware. Q. Do you believe that Mr. Dondero did not approve of each of the loans that are in dispute in advance of the time that the loan
1 WATERHOUSE - 10-19-21 2 A. No. 3 Q. Are you certain that the payment — 4 that the payment that you have in mind related 5 to the promissory note that NexPoint issued in 6 favor of Highland? 7 MS. DANDENEAU: Objection to form. 8 A. Yes. 9 Q. Okay. Other than that one payment, 10 can you identify any other instance where 11 Mr. Dondero told you that a payment should not	 WATERHOUSE - 10-19-21 A. Yes, generally. Q. Can you identify any loan that was ever made to an affiliate or to Mr. Dondero that Mr. Dondero did not approve of in advance? A. Other than the ones that are in dispute, I'm not aware. Q. Do you believe that Mr. Dondero did not approve of each of the loans that are in dispute in advance of the time that the loan was made?
1 WATERHOUSE - 10-19-21 2 A. No. 3 Q. Are you certain that the payment — 4 that the payment that you have in mind related 5 to the promissory note that NexPoint issued in 6 favor of Highland? 7 MS. DANDENEAU: Objection to form. 8 A. Yes. 9 Q. Okay. Other than that one payment, 10 can you identify any other instance where 11 Mr. Dondero told you that a payment should not 12 have been applied against principal and	 WATERHOUSE - 10-19-21 A. Yes, generally. Q. Can you identify any loan that was ever made to an affiliate or to Mr. Dondero that Mr. Dondero did not approve of in advance? A. Other than the ones that are in dispute, I'm not aware. Q. Do you believe that Mr. Dondero did not approve of each of the loans that are in dispute in advance of the time that the loan was made? MS. DANDENEAU: Objection to form.
1 WATERHOUSE - 10-19-21 2 A. No. 3 Q. Are you certain that the payment — 4 that the payment that you have in mind related 5 to the promissory note that NexPoint issued in 6 favor of Highland? 7 MS. DANDENEAU: Objection to form. 8 A. Yes. 9 Q. Okay. Other than that one payment, 10 can you identify any other instance where 11 Mr. Dondero told you that a payment should not 12 have been applied against principal and 13 interest under any promissory note tendered by	 WATERHOUSE - 10-19-21 A. Yes, generally. Q. Can you identify any loan that was ever made to an affiliate or to Mr. Dondero that Mr. Dondero did not approve of in advance? A. Other than the ones that are in dispute, I'm not aware. Q. Do you believe that Mr. Dondero did not approve of each of the loans that are in dispute in advance of the time that the loan was made? MS. DANDENEAU: Objection to form. A. Given what is in the dispute, you
1 WATERHOUSE - 10-19-21 2 A. No. 3 Q. Are you certain that the payment — 4 that the payment that you have in mind related 5 to the promissory note that NexPoint issued in 6 favor of Highland? 7 MS. DANDENEAU: Objection to form. 8 A. Yes. 9 Q. Okay. Other than that one payment, 10 can you identify any other instance where 11 Mr. Dondero told you that a payment should not 12 have been applied against principal and 13 interest under any promissory note tendered by 14 any affiliate or Mr. Dondero?	 WATERHOUSE - 10-19-21 A. Yes, generally. Q. Can you identify any loan that was ever made to an affiliate or to Mr. Dondero that Mr. Dondero did not approve of in advance? A. Other than the ones that are in dispute, I'm not aware. Q. Do you believe that Mr. Dondero did not approve of each of the loans that are in dispute in advance of the time that the loan was made? MS. DANDENEAU: Objection to form. A. Given what is in the dispute, you know, and – and – and the way things might –
1 WATERHOUSE - 10-19-21 2 A. No. 3 Q. Are you certain that the payment — 4 that the payment that you have in mind related 5 to the promissory note that NexPoint issued in 6 favor of Highland? 7 MS. DANDENEAU: Objection to form. 8 A. Yes. 9 Q. Okay. Other than that one payment, 10 can you identify any other instance where 11 Mr. Dondero told you that a payment should not 12 have been applied against principal and 13 interest under any promissory note tendered by 14 any affiliate or Mr. Dondero? 15 MS. DANDENEAU: Objection to form.	 WATERHOUSE - 10-19-21 A. Yes, generally. Q. Can you identify any loan that was ever made to an affiliate or to Mr. Dondero that Mr. Dondero did not approve of in advance? A. Other than the ones that are in dispute, I'm not aware. Q. Do you believe that Mr. Dondero did not approve of each of the loans that are in dispute in advance of the time that the loan was made? MS. DANDENEAU: Objection to form. A. Given what is in the dispute, you know, and – and – and the way things might – yeah, I mean
1 WATERHOUSE - 10-19-21 2 A. No. 3 Q. Are you certain that the payment — 4 that the payment that you have in mind related 5 to the promissory note that NexPoint issued in 6 favor of Highland? 7 MS. DANDENEAU: Objection to form. 8 A. Yes. 9 Q. Okay. Other than that one payment, 10 can you identify any other instance where 11 Mr. Dondero told you that a payment should not 12 have been applied against principal and 13 interest under any promissory note tendered by 14 any affiliate or Mr. Dondero? 15 MS. DANDENEAU: Objection to form. 16 MS. DEITSCH-PEREZ: Objection to	 WATERHOUSE - 10-19-21 A. Yes, generally. Q. Can you identify any loan that was ever made to an affiliate or to Mr. Dondero that Mr. Dondero did not approve of in advance? A. Other than the ones that are in dispute, I'm not aware. Q. Do you believe that Mr. Dondero did not approve of each of the loans that are in dispute in advance of the time that the loan was made? MS. DANDENEAU: Objection to form. A. Given what is in the dispute, you know, and – and – and the way things might – yeah, I mean Q. I am not asking about the dispute,
1 WATERHOUSE - 10-19-21 2 A. No. 3 Q. Are you certain that the payment — 4 that the payment that you have in mind related 5 to the promissory note that NexPoint issued in 6 favor of Highland? 7 MS. DANDENEAU: Objection to form. 8 A. Yes. 9 Q. Okay. Other than that one payment, 10 can you identify any other instance where 11 Mr. Dondero told you that a payment should not 12 have been applied against principal and 13 interest under any promissory note tendered by 14 any affiliate or Mr. Dondero? 15 MS. DANDENEAU: Objection to form. 16 MS. DEITSCH-PEREZ: Objection to	 WATERHOUSE - 10-19-21 A. Yes, generally. Q. Can you identify any loan that was ever made to an affiliate or to Mr. Dondero that Mr. Dondero did not approve of in advance? A. Other than the ones that are in dispute, I'm not aware. Q. Do you believe that Mr. Dondero did not approve of each of the loans that are in dispute in advance of the time that the loan was made? MS. DANDENEAU: Objection to form. A. Given what is in the dispute, you know, and – and – and the way things might – yeah, I mean Q. I am not asking about the dispute, and it was probably my mistake to follow you
1 WATERHOUSE - 10-19-21 2 A. No. 3 Q. Are you certain that the payment — 4 that the payment that you have in mind related 5 to the promissory note that NexPoint issued in 6 favor of Highland? 7 MS. DANDENEAU: Objection to form. 8 A. Yes. 9 Q. Okay. Other than that one payment, 10 can you identify any other instance where 11 Mr. Dondero told you that a payment should not 12 have been applied against principal and 13 interest under any promissory note tendered by 14 any affiliate or Mr. Dondero? 15 MS. DANDENEAU: Objection to form. 16 MS. DEITSCH-PEREZ: Objection to 17 form. 18 A. Not that I recall.	 WATERHOUSE - 10-19-21 A. Yes, generally. Q. Can you identify any loan that was ever made to an affiliate or to Mr. Dondero that Mr. Dondero did not approve of in advance? A. Other than the ones that are in dispute, I'm not aware. Q. Do you believe that Mr. Dondero did not approve of each of the loans that are in dispute in advance of the time that the loan was made? MS. DANDENEAU: Objection to form. A. Given what is in the dispute, you know, and – and – and the way things might – yeah, I mean Q. I am not asking about the dispute, and it was probably my mistake to follow you there.
1 WATERHOUSE - 10-19-21 2 A. No. 3 Q. Are you certain that the payment — 4 that the payment that you have in mind related 5 to the promissory note that NexPoint issued in 6 favor of Highland? 7 MS. DANDENEAU: Objection to form. 8 A. Yes. 9 Q. Okay. Other than that one payment, 10 can you identify any other instance where 11 Mr. Dondero told you that a payment should not 12 have been applied against principal and 13 interest under any promissory note tendered by 14 any affiliate or Mr. Dondero? 15 MS. DANDENEAU: Objection to form. 16 MS. DEITSCH-PEREZ: Objection to 17 form. 18 A. Not that I recall. 19 Q. Thank you very much.	 WATERHOUSE - 10-19-21 A. Yes, generally. Q. Can you identify any loan that was ever made to an affiliate or to Mr. Dondero that Mr. Dondero did not approve of in advance? A. Other than the ones that are in dispute, I'm not aware. Q. Do you believe that Mr. Dondero did not approve of each of the loans that are in dispute in advance of the time that the loan was made? MS. DANDENEAU: Objection to form. A. Given what is in the dispute, you know, and – and – and the way things might – yeah, I mean Q. I am not asking about the dispute, and it was probably my mistake to follow you there. Were you aware of every loan made by
1 WATERHOUSE - 10-19-21 2 A. No. 3 Q. Are you certain that the payment — 4 that the payment that you have in mind related 5 to the promissory note that NexPoint issued in 6 favor of Highland? 7 MS. DANDENEAU: Objection to form. 8 A. Yes. 9 Q. Okay. Other than that one payment, 10 can you identify any other instance where 11 Mr. Dondero told you that a payment should not 12 have been applied against principal and 13 interest under any promissory note tendered by 14 any affiliate or Mr. Dondero? 15 MS. DANDENEAU: Objection to form. 16 MS. DEITSCH-PEREZ: Objection to 17 form. 18 A. Not that I recall. 19 Q. Thank you very much. 20 Do you know if Mr. Dondero approved	 WATERHOUSE - 10-19-21 A. Yes, generally. Q. Can you identify any loan that was ever made to an affiliate or to Mr. Dondero that Mr. Dondero did not approve of in advance? A. Other than the ones that are in dispute, I'm not aware. Q. Do you believe that Mr. Dondero did not approve of each of the loans that are in dispute in advance of the time that the loan was made? MS. DANDENEAU: Objection to form. A. Given what is in the dispute, you know, and – and – and the way things might – yeah, I mean Q. I am not asking about the dispute, and it was probably my mistake to follow you there. Were you aware of every loan made by Highland to each of its affiliates and
1 WATERHOUSE - 10-19-21 2 A. No. 3 Q. Are you certain that the payment — 4 that the payment that you have in mind related 5 to the promissory note that NexPoint issued in 6 favor of Highland? 7 MS. DANDENEAU: Objection to form. 8 A. Yes. 9 Q. Okay. Other than that one payment, 10 can you identify any other instance where 11 Mr. Dondero told you that a payment should not 12 have been applied against principal and 13 interest under any promissory note tendered by 14 any affiliate or Mr. Dondero? 15 MS. DANDENEAU: Objection to form. 16 MS. DEITSCH-PEREZ: Objection to 17 form. 18 A. Not that I recall. 19 Q. Thank you very much. 20 Do you know if Mr. Dondero approved 21 in advance of each loan made to each affiliate	 WATERHOUSE - 10-19-21 A. Yes, generally. Q. Can you identify any loan that was ever made to an affiliate or to Mr. Dondero that Mr. Dondero did not approve of in advance? A. Other than the ones that are in dispute, I'm not aware. Q. Do you believe that Mr. Dondero did not approve of each of the loans that are in dispute in advance of the time that the loan was made? MS. DANDENEAU: Objection to form. A. Given what is in the dispute, you know, and – and – and the way things might – yeah, I mean Q. I am not asking about the dispute, and it was probably my mistake to follow you there. Were you aware of every loan made by Highland to each of its affiliates and Mr. Dondero while you were the CFO at the time
1 WATERHOUSE - 10-19-21 2 A. No. 3 Q. Are you certain that the payment — 4 that the payment that you have in mind related 5 to the promissory note that NexPoint issued in 6 favor of Highland? 7 MS. DANDENEAU: Objection to form. 8 A. Yes. 9 Q. Okay. Other than that one payment, 10 can you identify any other instance where 11 Mr. Dondero told you that a payment should not 12 have been applied against principal and 13 interest under any promissory note tendered by 14 any affiliate or Mr. Dondero? 15 MS. DANDENEAU: Objection to form. 16 MS. DEITSCH-PEREZ: Objection to 17 form. 18 A. Not that I recall. 19 Q. Thank you very much. 20 Do you know if Mr. Dondero approved 21 in advance of each loan made to each affiliate 22 and himself during the time that you were the	MATERHOUSE - 10-19-21 A. Yes, generally. Q. Can you identify any loan that was ever made to an affiliate or to Mr. Dondero that Mr. Dondero did not approve of in advance? A. Other than the ones that are in dispute, I'm not aware. Q. Do you believe that Mr. Dondero did not approve of each of the loans that are in dispute in advance of the time that the loan was made? MS. DANDENEAU: Objection to form. A. Given what is in the dispute, you know, and – and – and the way things might – yeah, I mean Q. I am not asking about the dispute, and it was probably my mistake to follow you there. Were you aware of every loan made by Highland to each of its affiliates and Mr. Dondero while you were the CFO at the time each loan was made?
1 WATERHOUSE - 10-19-21 2 A. No. 3 Q. Are you certain that the payment — 4 that the payment that you have in mind related 5 to the promissory note that NexPoint issued in 6 favor of Highland? 7 MS. DANDENEAU: Objection to form. 8 A. Yes. 9 Q. Okay. Other than that one payment, 10 can you identify any other instance where 11 Mr. Dondero told you that a payment should not 12 have been applied against principal and 13 interest under any promissory note tendered by 14 any affiliate or Mr. Dondero? 15 MS. DANDENEAU: Objection to form. 16 MS. DEITSCH-PEREZ: Objection to 17 form. 18 A. Not that I recall. 19 Q. Thank you very much. 20 Do you know if Mr. Dondero approved 21 in advance of each loan made to each affiliate 22 and himself during the time that you were the 23 CFO?	MATERHOUSE - 10-19-21 A. Yes, generally. Q. Can you identify any loan that was ever made to an affiliate or to Mr. Dondero that Mr. Dondero did not approve of in advance? A. Other than the ones that are in dispute, I'm not aware. Q. Do you believe that Mr. Dondero did not approve of each of the loans that are in dispute in advance of the time that the loan was made? MS. DANDENEAU: Objection to form. A. Given what is in the dispute, you know, and – and – and the way things might – yeah, I mean Q. I am not asking about the dispute, and it was probably my mistake to follow you there. Were you aware of every loan made by Highland to each of its affiliates and Mr. Dondero while you were the CFO at the time each loan was made? A. Was I aware of every loan, yes.
1 WATERHOUSE - 10-19-21 2 A. No. 3 Q. Are you certain that the payment — 4 that the payment that you have in mind related 5 to the promissory note that NexPoint issued in 6 favor of Highland? 7 MS. DANDENEAU: Objection to form. 8 A. Yes. 9 Q. Okay. Other than that one payment, 10 can you identify any other instance where 11 Mr. Dondero told you that a payment should not 12 have been applied against principal and 13 interest under any promissory note tendered by 14 any affiliate or Mr. Dondero? 15 MS. DANDENEAU: Objection to form. 16 MS. DEITSCH-PEREZ: Objection to 17 form. 18 A. Not that I recall. 19 Q. Thank you very much. 20 Do you know if Mr. Dondero approved 21 in advance of each loan made to each affiliate 22 and himself during the time that you were the	MATERHOUSE - 10-19-21 A. Yes, generally. Q. Can you identify any loan that was ever made to an affiliate or to Mr. Dondero that Mr. Dondero did not approve of in advance? A. Other than the ones that are in dispute, I'm not aware. Q. Do you believe that Mr. Dondero did not approve of each of the loans that are in dispute in advance of the time that the loan was made? MS. DANDENEAU: Objection to form. A. Given what is in the dispute, you know, and – and – and the way things might – yeah, I mean Q. I am not asking about the dispute, and it was probably my mistake to follow you there. Were you aware of every loan made by Highland to each of its affiliates and Mr. Dondero while you were the CFO at the time each loan was made?

1 WATERHOUSE - 10-19-2	Page 62	1	WATERHOUSE - 10-19-21	Page 63
2 that were made to one of the affiliat		-	that was made against principal and interest on	
3 Mr. Dondero during the time that yo		3	any note tendered by any affiliate or	
4 CFO was made without Mr. Donde		4	Mr. Dondero that you didn't know about in	
5 knowledge and approval?		5	advance?	
6 A. Not that I recall.		6	A. I don't recall.	
7 Q. Thank you. In fact, do you	- as	7	Q. Other than Mr. Dondero – withdrawn.	
8 the CFO, would you have allowed l		8	Did anybody at Highland have the	
9 loan money to an affiliate or to Mr. I	-	9	authority to make a payment against principal	
10 without obtaining Mr. Dondero's pr		10	and interest due under a loan given to the	
11 MS. DANDENEAU: Object		11	affiliates and Mr. Dondero without your	
12 A. I can't – there was so man		12	knowledge and approval?	
13 over the years, I can't speak for ev	-	13	MS. DANDENEAU: Objection to form.	
14 one, but generally, yes, I – I spoke		14	A. Sorry, there was – to make a	
15 Q. You – you never – you ne		15	payment on an affiliate loan, what you are	
16 withdrawn. I will just take that.		16	saying would it require my knowledge and	
17 Can you recall any paymer		17	approval, yes.	
18 ever made against principal and in		18	Q. Okay. I appreciate that. Thank	
19 note that was issued in favor of Hig		19		
20 affiliate or Mr. Dondero that you pe	· · ·	20	you.	
	•		Did anybody at Highland have the	
		21	authority, to the best of your knowledge, to	
22 A. There are so many through	* '	22	effectuate a loan to an affiliate without	
23 I don't – I don't – I don't recall even	·	23	Mr. Dondero's prior knowledge and approval?	
24 single one.		24	MS. DANDENEAU: Objection to form.	
25 Q. Okay. Can you identify ar	ny paymeni	25	A. I can't speak for all, but	
1 WATERHOUSE - 10-19-2	Page 64	1	WATERHOUSE - 10-19-21	Page 65
	-1	2	A AL (4) (1 11	
2 generally, yes.3 Q. Did you personally commu	inicato with	3	A. Not that I recall. Q. Are you aware that Mr. Dondero and	
4 Mr. Dondero to let him know each t			the affiliates – withdrawn.	
5 of principal or interest was being ma	' '	5	Are you aware that Mr. Dondero	
6 any note that was tendered by an a	•	6	NexPoint, HCRE, and HCMS all contend that they	
7 Mr. Dondero to Highland?	illiliate Oi		do not have to pay on any of the notes they	
1	1 Llot	_	issued because they are subject to an oral	
8 A. I don't – are you saying, did		8		
9 Mr. Dondero know if a payment wa10 affiliate or loan to Mr. Dondero? I r	,	9 10	agreement between Mr. Dondero and Nancy	
	· · · · · · · · · · · · · · · · · · ·	10	Dondero, in her capacity as the trustee of the Dugaboy Investment Trust?	
11 not – not every – no.		11	•	
12 Q. Let me ask it this way: Did	•	12	MS. DANDENEAU: Objection to form.	
13 have a practice of informing Mr. Do		13	A. I didn't – I didn't – I didn't	
14 payments were made against princ		14	know that it was all notes.	
15 interest on any note that was tende	·	15	Q. Okay. Are you – did you ever learn	
16 affiliate or Mr. Dondero?		16	that there was an oral agreement between Jim	
17 MS. DEITSCH-PEREZ: O		17	Dondero and Nancy Dondero pertaining to any	
18 form.		18	notes issued by any affiliate or Mr. Dondero?	
19 MS. DANDENEAU: Object		19	MS. DEITSCH-PEREZ: Object to the	
00 A Na Lalial and 4			form.	
20 A. No, I did not.		20	A Van	
21 Q. Did Mr. Dondero ever tell y	you that a	21	A. Yes.	
21 Q. Did Mr. Dondero ever tell y 22 payment of principal or interest had	you that a d been made	21 22	Q. Do you have any understanding as to	
21 Q. Did Mr. Dondero ever tell y 22 payment of principal or interest had 23 against a note that was tendered b	you that a I been made y an	21 22 23	Q. Do you have any understanding as to the terms of that agreement?	
21 Q. Did Mr. Dondero ever tell y 22 payment of principal or interest had	you that a d been made y an unaware	21 22	Q. Do you have any understanding as to	

1 WATERHOUSE - 10-19-21	Page 66	WATERHOUSE - 10-19-21	Page 67
2 terms of the agreement?	2		
3 A. That there were certain milestones	3	know what promissory notes the agreement	
4 that had to be reached.	4	covered?	
5 Q. Do you have any understanding of the	5		
	6		
7 Nancy Dondero concerning any of the notes	7	ğ	
8 issued by the affiliates or Mr. Dondero other	8	3	
9 than that there have to be milestones reached?	9	•	
10 MS. DEITSCH-PEREZ: Object to the	10		
11 form.	11		
12 A. There are milestones, I found out	12	9	
13 yesterday, or there was some –	13	•	
14 MS. DANDENEAU: Okay. I'm just	14		
going to object to the extent that you	15	Q. How did you learn of the existence	
16 learned anything in conversations with	16	of the agreement?	
17 counsel, please don't reveal – that is	17	MS. DANDENEAU: Objection to form.	
18 privileged, and don't reveal any privileged	18	B Again –	
19 communications.	19	A. I don't – I don't recall who told	
20 THE WITNESS: Okay.	20) me.	
A. So I'm not aware of anything else.	2	Q. You have no recollection of who told	
22 Q. Do you know what the milestones	22	2 you about this agreement between Jim and Nancy	
23 were?	23		
24 MS. DANDENEAU: Objection to form.	24		
25 A. I don't.	25	-	
	Page 68		Page 69
1 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	
2 A. I don't recall.	1 2	where you understood that certain milestones	
A. I don't recall.Q. Do you recall how you learned of the	1 2 3	where you understood that certain milestones had to be reached. Okay?	
 A. I don't recall. Q. Do you recall how you learned of the 4 agreement? 	1 2 3 4	where you understood that certain milestones had to be reached. Okay? A. Uh-huh.	
 A. I don't recall. Q. Do you recall how you learned of the 4 agreement? Was it in a meeting? Was it in a 	1 2 3 4 4 5 5	where you understood that certain milestones had to be reached. Okay? A. Uh-huh. MS. DANDENEAU: Objection.	
 A. I don't recall. Q. Do you recall how you learned of the 4 agreement? Was it in a meeting? Was it in a 6 phone call? Was it in an email? 	1 2 3 4 5 6 6	where you understood that certain milestones had to be reached. Okay? A. Uh-huh. MS. DANDENEAU: Objection. MS. DEITSCH-PEREZ: Object to the	
 A. I don't recall. Q. Do you recall how you learned of the 4 agreement? Was it in a meeting? Was it in a 6 phone call? Was it in an email? A. I don't recall. 	1 2 3 4 5 6 7 7	where you understood that certain milestones had to be reached. Okay? A. Uh-huh. MS. DANDENEAU: Objection. MS. DEITSCH-PEREZ: Object to the form.	
A. I don't recall. Q. Do you recall how you learned of the agreement? Was it in a meeting? Was it in a phone call? Was it in an email? A. I don't recall. Q. Do you recall when you learned of	1 2 3 4 5 6 7 8	where you understood that certain milestones had to be reached. Okay? A. Uh-huh. MS. DANDENEAU: Objection. MS. DEITSCH-PEREZ: Object to the form. MR. MORRIS: Just defining a term,	
A. I don't recall. Q. Do you recall how you learned of the agreement? Was it in a meeting? Was it in a phone call? Was it in an email? A. I don't recall. Q. Do you recall when you learned of the agreement?	1 2 3 4 5 6 6 7 8 8 9	where you understood that certain milestones had to be reached. Okay? A. Uh-huh. MS. DANDENEAU: Objection. MS. DEITSCH-PEREZ: Object to the form. MR. MORRIS: Just defining a term, what is the objection.	
A. I don't recall. Q. Do you recall how you learned of the agreement? Was it in a meeting? Was it in a phone call? Was it in an email? A. I don't recall. Q. Do you recall when you learned of the agreement? A. Not specifically.	1 2 3 4 5 6 7 8 9	where you understood that certain milestones had to be reached. Okay? A. Uh-huh. MS. DANDENEAU: Objection. MS. DEITSCH-PEREZ: Object to the form. MR. MORRIS: Just defining a term, what is the objection. MS. DEITSCH-PEREZ: The objection —	
A. I don't recall. Q. Do you recall how you learned of the agreement? Was it in a meeting? Was it in a phone call? Was it in an email? A. I don't recall. Q. Do you recall when you learned of the agreement? A. Not specifically. Q. Do you recall what year you learned	1 2 3 4 4 5 6 7 7 8 8 9 10 11 11	where you understood that certain milestones had to be reached. Okay? A. Uh-huh. MS. DANDENEAU: Objection. MS. DEITSCH-PEREZ: Object to the form. MR. MORRIS: Just defining a term, what is the objection. MS. DEITSCH-PEREZ: The objection — MR. MORRIS: I will move on. I will	
A. I don't recall. Q. Do you recall how you learned of the agreement? Was it in a meeting? Was it in a phone call? Was it in an email? A. I don't recall. Q. Do you recall when you learned of the agreement? A. Not specifically. Q. Do you recall what year you learned of the agreement?	1 2 3 4 5 6 6 7 8 8 9 10 11 12 12 12	where you understood that certain milestones had to be reached. Okay? A. Uh-huh. MS. DANDENEAU: Objection. MS. DEITSCH-PEREZ: Object to the form. MR. MORRIS: Just defining a term, what is the objection. MS. DEITSCH-PEREZ: The objection — MR. MORRIS: I will move on. I will move on.	
A. I don't recall. Q. Do you recall how you learned of the agreement? Was it in a meeting? Was it in a phone call? Was it in an email? A. I don't recall. Q. Do you recall when you learned of the agreement? A. Not specifically. Q. Do you recall what year you learned of the agreement? A. In – look, I mean, there are so	1 2 3 4 5 5 6 6 7 8 8 9 10 12 13 13	where you understood that certain milestones had to be reached. Okay? A. Uh-huh. MS. DANDENEAU: Objection. MS. DEITSCH-PEREZ: Object to the form. MR. MORRIS: Just defining a term, what is the objection. MS. DEITSCH-PEREZ: The objection — MR. MORRIS: I will move on. I will move on. MS. DEITSCH-PEREZ: John —	
A. I don't recall. Q. Do you recall how you learned of the agreement? Was it in a meeting? Was it in a phone call? Was it in an email? A. I don't recall. Q. Do you recall when you learned of the agreement? A. Not specifically. Q. Do you recall what year you learned of the agreement? A. In – look, I mean, there are so many notes. I may be getting – I believe it	1 2 3 4 5 5 6 6 7 8 9 10 11 12 13 14 14	where you understood that certain milestones had to be reached. Okay? A. Uh-huh. MS. DANDENEAU: Objection. MS. DEITSCH-PEREZ: Object to the form. MR. MORRIS: Just defining a term, what is the objection. MS. DEITSCH-PEREZ: The objection — MR. MORRIS: I will move on. I will move on. MS. DEITSCH-PEREZ: John — Q. Sir, are you okay with that	
A. I don't recall. Q. Do you recall how you learned of the agreement? Was it in a meeting? Was it in a phone call? Was it in an email? A. I don't recall. Q. Do you recall when you learned of the agreement? A. Not specifically. Q. Do you recall what year you learned of the agreement? A. Not specifically. A. In – look, I mean, there are so many notes. I may be getting – I believe it was 2020.	1 2 3 4 5 6 6 7 8 8 9 10 12 13 14 15 15 15 15 15 15 15 15 15 15 15 15 15	where you understood that certain milestones had to be reached. Okay? A. Uh-huh. MS. DANDENEAU: Objection. MS. DEITSCH-PEREZ: Object to the form. MR. MORRIS: Just defining a term, what is the objection. MS. DEITSCH-PEREZ: The objection — MR. MORRIS: I will move on. I will move on. MS. DEITSCH-PEREZ: John — Q. Sir, are you okay with that definition of agreement?	
A. I don't recall. Q. Do you recall how you learned of the agreement? Was it in a meeting? Was it in a phone call? Was it in an email? A. I don't recall. Q. Do you recall when you learned of the agreement? A. Not specifically. Q. Do you recall what year you learned of the agreement? A. In – look, I mean, there are so many notes. I may be getting – I believe it	1 2 3 4 5 5 6 6 7 8 9 10 11 12 13 14 14	where you understood that certain milestones had to be reached. Okay? A. Uh-huh. MS. DANDENEAU: Objection. MS. DEITSCH-PEREZ: Object to the form. MR. MORRIS: Just defining a term, what is the objection. MS. DEITSCH-PEREZ: The objection – MR. MORRIS: I will move on. I will move on. MS. DEITSCH-PEREZ: John – Q. Sir, are you okay with that definition of agreement?	
A. I don't recall. Q. Do you recall how you learned of the agreement? Was it in a meeting? Was it in a phone call? Was it in an email? A. I don't recall. Q. Do you recall when you learned of the agreement? A. Not specifically. Q. Do you recall what year you learned of the agreement? A. Not specifically. A. In – look, I mean, there are so many notes. I may be getting – I believe it was 2020.	1 2 3 4 5 6 6 7 8 8 9 10 12 13 14 15 15 15 15 15 15 15 15 15 15 15 15 15	where you understood that certain milestones had to be reached. Okay? A. Uh-huh. MS. DANDENEAU: Objection. MS. DEITSCH-PEREZ: Object to the form. MR. MORRIS: Just defining a term, what is the objection. MS. DEITSCH-PEREZ: The objection — MR. MORRIS: I will move on. I will move on. MS. DEITSCH-PEREZ: John — Q. Sir, are you okay with that definition of agreement? A. Okay.	
A. I don't recall. Q. Do you recall how you learned of the agreement? Was it in a meeting? Was it in a phone call? Was it in an email? A. I don't recall. Q. Do you recall when you learned of the agreement? A. Not specifically. Q. Do you recall what year you learned of the agreement? A. Not specifically. A. In – look, I mean, there are so many notes. I may be getting – I believe it was 2020. Q. All right. I'm not asking about	1 2 3 4 4 5 5 6 6 7 8 8 9 10 12 13 14 15 16 16 16 16 16 16 16 16 16 16 16 16 16	where you understood that certain milestones had to be reached. Okay? A. Uh-huh. MS. DANDENEAU: Objection. MS. DEITSCH-PEREZ: Object to the form. MR. MORRIS: Just defining a term, what is the objection. MS. DEITSCH-PEREZ: The objection – MR. MORRIS: I will move on. I will move on. MS. DEITSCH-PEREZ: John – Q. Sir, are you okay with that definition of agreement? A. Okay. Q. Okay. So you don't recall who –	
A. I don't recall. Q. Do you recall how you learned of the agreement? Was it in a meeting? Was it in a phone call? Was it in an email? A. I don't recall. Q. Do you recall when you learned of the agreement? A. Not specifically. Q. Do you recall what year you learned of the agreement? A. In – look, I mean, there are so many notes. I may be getting – I believe it was 2020. Q. All right. I'm not asking about notes, sir. I'm asking about the agreement	1 1 2 3 3 4 4 5 5 6 6 7 8 8 9 10 11 12 15 14 15 16 17 17 18 18 18 18 18 18 18 18 18 18 18 18 18	where you understood that certain milestones had to be reached. Okay? A. Uh-huh. MS. DANDENEAU: Objection. MS. DEITSCH-PEREZ: Object to the form. MR. MORRIS: Just defining a term, what is the objection. MS. DEITSCH-PEREZ: The objection — MR. MORRIS: I will move on. I will move on. MS. DEITSCH-PEREZ: John — Q. Sir, are you okay with that definition of agreement? A. Okay. Q. Okay. So you don't recall who — who informed you of the existence of the	
A. I don't recall. Q. Do you recall how you learned of the agreement? Was it in a meeting? Was it in a phone call? Was it in an email? A. I don't recall. Q. Do you recall when you learned of the agreement? A. Not specifically. Q. Do you recall what year you learned of the agreement? A. In – look, I mean, there are so many notes. I may be getting – I believe it was 2020. Q. All right. I'm not asking about notes, sir. I'm asking about the agreement that you testified you knew about between Jim and Don- – Nancy Dondero. Okay.	1 2 3 4 4 5 6 6 7 7 8 8 9 10 12 13 14 15 16 17 18 18 18 18 18 18 18 18 18 18 18 18 18	where you understood that certain milestones had to be reached. Okay? A. Uh-huh. MS. DANDENEAU: Objection. MS. DEITSCH-PEREZ: Object to the form. MR. MORRIS: Just defining a term, what is the objection. MS. DEITSCH-PEREZ: The objection — MR. MORRIS: I will move on. I will move on. MS. DEITSCH-PEREZ: John — Q. Sir, are you okay with that definition of agreement? A. Okay. Q. Okay. So you don't recall who — who informed you of the existence of the agreement; is that right?	
A. I don't recall. Q. Do you recall how you learned of the agreement? Was it in a meeting? Was it in a phone call? Was it in an email? A. I don't recall. Q. Do you recall when you learned of the agreement? A. Not specifically. Q. Do you recall what year you learned of the agreement? A. Not specifically. A. In – look, I mean, there are so many notes. I may be getting – I believe it was 2020. Q. All right. I'm not asking about notes, sir. I'm asking about the agreement that you testified you knew about between Jim and Don- – Nancy Dondero. Okay. Do you understand my question now?	1 2 3 4 4 5 5 6 6 7 8 8 9 10 11 12 13 14 15 16 17 18 18 18 18 18 18 18 18 18 18 18 18 18	where you understood that certain milestones had to be reached. Okay? A. Uh-huh. MS. DANDENEAU: Objection. MS. DEITSCH-PEREZ: Object to the form. MR. MORRIS: Just defining a term, what is the objection. MS. DEITSCH-PEREZ: The objection — MR. MORRIS: I will move on. I will move on. MS. DEITSCH-PEREZ: John — Q. Sir, are you okay with that definition of agreement? A. Okay. Q. Okay. So you don't recall who — who informed you of the existence of the agreement; is that right? A. I don't recall.	
A. I don't recall. Q. Do you recall how you learned of the agreement? Was it in a meeting? Was it in a phone call? Was it in an email? A. I don't recall. Q. Do you recall when you learned of the agreement? A. Not specifically. Q. Do you recall what year you learned of the agreement? A. In – look, I mean, there are so many notes. I may be getting – I believe it was 2020. Q. All right. I'm not asking about notes, sir. I'm asking about the agreement that you testified you knew about between Jim and Don- – Nancy Dondero. Okay. Do you understand my question now?	1 2 3 3 4 4 5 5 6 6 7 8 9 10 11 12 15 16 15 16 15 20 2 2 2	where you understood that certain milestones had to be reached. Okay? A. Uh-huh. MS. DANDENEAU: Objection. MS. DEITSCH-PEREZ: Object to the form. MR. MORRIS: Just defining a term, what is the objection. MS. DEITSCH-PEREZ: The objection – MR. MORRIS: I will move on. I will move on. MS. DEITSCH-PEREZ: John – Q. Sir, are you okay with that definition of agreement? A. Okay. Q. Okay. So you don't recall who – who informed you of the existence of the agreement; is that right? A. I don't recall. Q. You don't recall who told you the	
A. I don't recall. Q. Do you recall how you learned of the agreement? Was it in a meeting? Was it in a phone call? Was it in an email? A. I don't recall. Q. Do you recall when you learned of the agreement? A. Not specifically. Q. Do you recall what year you learned of the agreement? A. In – look, I mean, there are so many notes. I may be getting – I believe it was 2020. Q. All right. I'm not asking about notes, sir. I'm asking about the agreement that you testified you knew about between Jim and Don- – Nancy Dondero. Okay. Do you understand my question now? Should I ask my question again? A. Yeah, sure. Go ahead.	1 2 3 3 4 4 5 5 6 6 7 7 8 8 9 10 11 12 13 14 15 16 17 18 19 20 22 22 22 22	where you understood that certain milestones had to be reached. Okay? A. Uh-huh. MS. DANDENEAU: Objection. MS. DEITSCH-PEREZ: Object to the form. MR. MORRIS: Just defining a term, what is the objection. MS. DEITSCH-PEREZ: The objection — MR. MORRIS: I will move on. I will move on. MS. DEITSCH-PEREZ: John — Q. Sir, are you okay with that definition of agreement? A. Okay. Q. Okay. So you don't recall who — who informed you of the existence of the agreement; is that right? A. I don't recall. Q. You don't recall who told you the terms of the agreement.	
A. I don't recall. Q. Do you recall how you learned of the agreement? Was it in a meeting? Was it in a phone call? Was it in an email? A. I don't recall. Q. Do you recall when you learned of the agreement? A. Not specifically. Q. Do you recall what year you learned of the agreement? A. In – look, I mean, there are so many notes. I may be getting – I believe it was 2020. Q. All right. I'm not asking about notes, sir. I'm asking about the agreement that you testified you knew about between Jim and Don- – Nancy Dondero. Okay. Do you understand my question now? Should I ask my question again? A. Yeah, sure. Go ahead. Q. I'm going to use the word	1 2 3 3 4 4 5 5 6 6 7 8 8 9 10 11 12 13 14 15 16 17 18 19 20 22 22 22 22 22 22 22 22 3	where you understood that certain milestones had to be reached. Okay? A. Uh-huh. MS. DANDENEAU: Objection. MS. DEITSCH-PEREZ: Object to the form. MR. MORRIS: Just defining a term, what is the objection. MS. DEITSCH-PEREZ: The objection — MR. MORRIS: I will move on. I will move on. MS. DEITSCH-PEREZ: John — Q. Sir, are you okay with that definition of agreement? A. Okay. Q. Okay. So you don't recall who — who informed you of the existence of the agreement; is that right? A. I don't recall. Q. You don't recall who told you the terms of the agreement. Do I have that right?	
A. I don't recall. Q. Do you recall how you learned of the agreement? Was it in a meeting? Was it in a phone call? Was it in an email? A. I don't recall. Q. Do you recall when you learned of the agreement? A. Not specifically. Q. Do you recall what year you learned of the agreement? A. In – look, I mean, there are so many notes. I may be getting – I believe it was 2020. Q. All right. I'm not asking about notes, sir. I'm asking about the agreement that you testified you knew about between Jim and Don- – Nancy Dondero. Okay. Do you understand my question now? Should I ask my question again? A. Yeah, sure. Go ahead.	1 2 3 3 4 4 5 5 6 6 7 7 8 8 9 10 11 12 13 14 15 16 17 18 19 20 22 22 22 22	where you understood that certain milestones had to be reached. Okay? A. Uh-huh. MS. DANDENEAU: Objection. MS. DEITSCH-PEREZ: Object to the form. MR. MORRIS: Just defining a term, what is the objection. MS. DEITSCH-PEREZ: The objection – MR. MORRIS: I will move on. I will move on. MS. DEITSCH-PEREZ: John – Q. Sir, are you okay with that definition of agreement? A. Okay. Q. Okay. So you don't recall who – who informed you of the existence of the agreement; is that right? A. I don't recall. Q. You don't recall who told you the terms of the agreement. Do I have that right? A. Correct.	

_	Dago 70			Daga 71
1	Page 70 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 71
2	about the agreement in a meeting, through an	2	A. I don't remember the - I mean, it	
3	email, or through a phone call.	3	was sometime in 2021. I don't remember when.	
4	Do I have that right?	4	Q. All right. So to the best of your	
5	A. I don't recall.	5	recollection, it was in 2021 but you don't	
6	Q. Can you tell me when you learned of	6	recall if it was before or after you ceased to	
7	the agreement?	7	be a Highland employee.	
8	A. I don't - I don't - I don't	8	Do I have that right?	
9	remember specifically.	9	A. Yeah, I mean, it was – it was	
10	Q. Can you tell me if you learned of	10	likely after I was after I left Highland	
11	the agreement before or after the petition	11	because, if I put myself back into the last	
12	date?	12	days of - of 2021, it was - you know, the	
13	A. It would have been – it would have	13	communications with Mr. Dondero were were	
14	been after.	14	were - there weren't as many communications	
15	Q. Can you tell me if you learned of	15	because of the circumstances.	
16	the agreement before or after January 9th,	16	Q. And so based on that you believe	
17	2020?	17	that it is most likely that you learned of this	
18	A. It would have been after.	18	agreement sometime after you left Highland	
19	Q. Can you tell me if you learned of	19	employment?	
20	the agreement before or after you left Highland	20	A. I wouldn't use the term "most	
21	Capital Management in February of 2021?	21	likely." I don't recall specifically. I don't	
22	A. I don't I don't I don't know.	22	recall.	
23	Q. It is possible that you learned of	23	Q. Do you recall ever telling Jim Seery	
24	it while you were a Highland employee.	24	about this agreement?	
25	Do I have that right?	25	A. No, I don't – I didn't tell	
\vdash	Page 72			Page 73
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	
2	Jim Seery.	2	at 11:02 your time. Let's come back, I	
3	Q. Did you tell anybody at DSI about	3	guess, at 15 – at 11:15 your time.	
4	this agreement?	4	VIDEOGRAPHER: We're going off the	
5	A. No.	5	record at 11:02 a.m.	
6	Q. Did you tell any of Highland's	6	(Recess taken 11:02 a.m. to 11:20 a.m.)	
7	independent directors about this agreement?	7	VIDEOGRAPHER: We are back on the	
8	A. No.	8	record at 11:20 a.m.	
9	Q. Did you tell anybody at Pachulski	9	Q. Mr. Waterhouse, did you speak with	
10	Stang Ziehl & Jones about this agreement?	10	anybody during the break about this deposition?	
11	A. No.	11	A. No.	
12	Q. Did you tell any employee of	12	MS. DANDENEAU: Other than other	
13	Highland about this agreement?	13	than his counsel.	
14	A. No.	14	Q. Did you speak to your counsel about	
15	MS. DANDENEAU: Mr. Morris, it has	15	the substance of your deposition today?	
16	been an hour and a half. Is this a good	16	A. No, I didn't bring it up.	
17	time for a break?	17	Q. I didn't ask you if you brought it	
18	MR. MORRIS: Sure.	18	up. I asked you if you had any conversation	
19	Q. Mr. Waterhouse, I will just remind	19	with your lawyer about the substance of your	
20	you that during the break please don't speak	20	deposition.	
21	with anybody about the deposition, the	21	MS. DANDENEAU: Yes, he did.	
22	substance of your testimony or anything else	22	Q. Can you tell me what the – you	
23	concerning the deposition. Okay?	23	discussed?	
24	A. Yes.	24	MS. DANDENEAU: No, I object to	
25	MR. MORRIS: So it is 11:02. We're	25	that. He's not going to answer. That is a	

1	Page 74 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 75
2	privileged conversation.	2	have to.	
3	MR. MORRIS: So I just want to make	3	Q. Mr. Waterhouse, after learning about	
4	sure that I understand. During the break	4	the agreement, did you ask anybody if the	
5	you spoke with your client about the	5	agreement was reflected in a writing?	
6	substance of this deposition; is that	6	MS. DANDENEAU: Objection to form.	
7	right?	7	A. No.	
8	MS. DANDENEAU: Yes, John.	8	Q. Did you ask anybody if the terms of	
9	MR. MORRIS: And you refuse - you	9	the agreement were memorialized anywhere?	
10	refuse to let your client tell me what was	10	MS. DANDENEAU: Objection to form.	
11	discussed; is that right?	11	MR. MORRIS: What is the	
12	MS. DANDENEAU: That's correct.	12	A. No.	
13	MR. MORRIS: You know, I had given	13	MS. DANDENEAU: Well, because you	
14	the instruction prior to the break not to	14	keep talking about this agreement and I	
15	speak with counsel. I would have	15	I – I think, Mr. Morris, that is really	
16	appreciated –	16	not clear what you mean by "the agreement."	
17	MS. DANDENEAU: No, you didn't	17	And maybe you can just go back and restate	
18	actually, that is not true, Mr. Morris.	18	what that is.	
19	You said not to speak with anyone. We	19	MR. MORRIS: Okay. Your client has	
20	never have interpreted that to mean	20	agreed with me twice on the definition, but	
21	conversations with counsel. That's never	21	I will try one more time.	
22	been - I have never, ever heard that	22	Q. Mr. Waterhouse, do you understand	
23	instruction.	23	that when I use the term "agreement," I'm	
24	MR. MORRIS: Okay. We will – we	24	referring to the agreement between Jim and	
25	will – we will deal with it when and if we	25	Nancy Dondero concerning certain promissory	
<u> </u>	Page 76			Page 77
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	. ago
2	notes where you learned that one of the terms	2	MR. MORRIS: You know what, you	
3	of the agreement was milestones reached?	3	guys, this is really wrong. It is really,	
4	A. Okay.	4	really wrong. Okay?	
5	Q. And did you understand that that was	5	I had the witness agree not once,	
6	the the agreement that we were referring to	6	but twice to the definition of agreement.	
7	every time we used the word "agreement" in this	7	Okay? I'm going to try and do it a third	
8	deposition?	8	time.	
9	A. I don't know anything about this	9	MS. DANDENEAU: No, but, please,	
10	agreement. So, look, I do - it - I don't	10	John, really –	
11	know whether –	11	MR. MORRIS: No, please stop	
12	Q. Let's - let's try this again.	12	talking. Please. It is my deposition.	
13	A. Yeah. Look, I don't know what this	13	Object to questions.	
14	agreement relates.	14	MS. DANDENEAU: No, but also you	
15		15	instructed him that - that if you were	
	MS. DEITSCH-PEREZ: John, John			
16	MS. DEITSCH-PEREZ: John, John – Q. Let me try –	16	going – if you were interrupting him, that	
16 17		16 17	going – it you were interrupting him, that he should remind you that you're	
ı	Q. Let me try –			
17	Q. Let me try –MS. DEITSCH-PEREZ: John, please let	17	he should remind you that you're	
17 18	Q. Let me try –MS. DEITSCH-PEREZ: John, please let the witness finish.	17 18	he should remind you that you're interrupting him and – and –	
17 18 19	Q. Let me try –MS. DEITSCH-PEREZ: John, please letthe witness finish.MR. MORRIS: Please stop. Please	17 18 19	he should remind you that you're interrupting him and – and – MR. MORRIS: Let him do that. Let	
17 18 19 20	 Q. Let me try – MS. DEITSCH-PEREZ: John, please let the witness finish. MR. MORRIS: Please stop. Please stop. Please stop talking. 	17 18 19 20	he should remind you that you're interrupting him and – and – MR. MORRIS: Let him do that. Let him do that.	
17 18 19 20 21	 Q. Let me try – MS. DEITSCH-PEREZ: John, please let the witness finish. MR. MORRIS: Please stop. Please stop. Please stop talking. MS. DEITSCH-PEREZ: No, you stop. 	17 18 19 20 21	he should remind you that you're interrupting him and – and – MR. MORRIS: Let him do that. Let him do that. MS. DANDENEAU: Okay. Well, you –	
17 18 19 20 21 22	 Q. Let me try – MS. DEITSCH-PEREZ: John, please let the witness finish. MR. MORRIS: Please stop. Please stop. Please stop talking. MS. DEITSCH-PEREZ: No, you stop. Let the witness – 	17 18 19 20 21 22	he should remind you that you're interrupting him and – and – MR. MORRIS: Let him do that. Let him do that. MS. DANDENEAU: Okay. Well, you – MR. MORRIS: Please stop talking.	

1 WATERHOUSE -	Page 78	1	WATERHOUSE - 10-19-21	Page 79
		1		
2 don't know who, I don't kno		2	milestones that had to be reached; is that	
3 asked, sometime in '21, so		3	right?	
4 this – or I don't honestly kno		4	MS. DANDENEAU: Objection to form.	
5 even recall exactly how I was		5	A. That was one of the words that was	
6 this, but I was. I don't know		6	used when I heard about it, yes.	
7 any of these details, and I'n		7	Q. And when you heard about this	
8 there is, you know, I – I – I		8	agreement that had a term in it concerning	
9 conversation with – with Jir	•	9	milestones reached, did you ask the person who	
10 on on some on the exe	•	10	was telling you about the agreement whether or	
11 getting confused of what is		11	not it was in writing?	
12 again, I don't know any of t		12	A. I did not.	
13 Q. Okay. Let me try	_	13	Q. Did you ask any questions at all?	
14 Mr. Waterhouse, and I apo		14	MS. DANDENEAU: Objection to form.	
15 Are you aware of a		15	A. Not that I recall.	
16 between Jim Dondero and		16	Q. But do you understand that going	
17 concerning any promissor		17	forward, we're going to refer to the agreement	
18 to Highland by any affiliate	or Mr. Dondero?	18	as the agreement that you just described that	
19 MS. DEITSCH-PEI	REZ: Object to the	19	you were –	
20 form.		20	MS. DANDENEAU: Object to the form.	
21 A. I've heard of an ag	greement. That	21	A. Yes.	
22 is that is I mean, if you	are using aware	22	Q. Okay. You don't have any personal	
23 as heard, sure.		23	knowledge concerning the terms of the	
24 Q. And you understar	nd that one of the	24	agreement; correct?	
25 terms of the agreement is	that it was based on	25	MS. DEITSCH-PEREZ: Object to the	
	Page 80			Page 81
1 WATERHOUSE -	· 10-19-21	1	WATERHOUSE - 10-19-21	
	· 10-19-21	_	WATERHOUSE - 10-19-21 want to be clear that I never would have asked	
2 form.	· 10-19-21	2	want to be clear that I never would have asked	
2 form. 3 Q. You can answer.		2	want to be clear that I never would have asked you to appear at this deposition if your name	
2 form. 3 Q. You can answer. 4 A. I don't – I heard ab	out the	2 3 4	want to be clear that I never would have asked you to appear at this deposition if your name hadn't been included in responses to discovery	
2 form. 3 Q. You can answer. 4 A. I don't – I heard ab 5 agreement. I don't know a	out the nything – I heard	2 3 4 5	want to be clear that I never would have asked you to appear at this deposition if your name hadn't been included in responses to discovery as to somebody with knowledge about the – who	
2 form. 3 Q. You can answer. 4 A. I don't – I heard ab 5 agreement. I don't know a 6 there was an agreement.	out the nything – I heard That is – again, as I	2 3 4 5 6	want to be clear that I never would have asked you to appear at this deposition if your name hadn't been included in responses to discovery as to somebody with knowledge about the – who was told about the existence of the agreement.	
2 form. 3 Q. You can answer. 4 A. I don't – I heard about 5 agreement. I don't know a 6 there was an agreement. 7 testified before – I said before	out the nything – I heard That is – again, as I ore, heard about	2 3 4 5 6 7	want to be clear that I never would have asked you to appear at this deposition if your name hadn't been included in responses to discovery as to somebody with knowledge about the – who was told about the existence of the agreement. That is what prompted me do this,	
2 form. 3 Q. You can answer. 4 A. I don't – I heard ab 5 agreement. I don't know a 6 there was an agreement. 7 testified before – I said before 8 it, don't know the details. I	out the nything – I heard That is – again, as I ore, heard about	2 3 4 5 6 7 8	want to be clear that I never would have asked you to appear at this deposition if your name hadn't been included in responses to discovery as to somebody with knowledge about the — who was told about the existence of the agreement. That is what prompted me do this, and I really do feel compelled to tell you that	
2 form. 3 Q. You can answer. 4 A. I don't – I heard ab 5 agreement. I don't know a 6 there was an agreement. 7 testified before – I said befo 8 it, don't know the details. I l 9 sometime this year.	out the nything – I heard That is – again, as I ore, heard about believe it was	2 3 4 5 6 7 8 9	want to be clear that I never would have asked you to appear at this deposition if your name hadn't been included in responses to discovery as to somebody with knowledge about the – who was told about the existence of the agreement. That is what prompted me do this, and I really do feel compelled to tell you that I otherwise would never have called you as a	
2 form. 3 Q. You can answer. 4 A. I don't – I heard ab 5 agreement. I don't know a 6 there was an agreement. 7 testified before – I said befo 8 it, don't know the details. I 9 sometime this year. 10 Q. Do you have any	out the nything – I heard That is – again, as I ore, heard about believe it was personal knowledge	2 3 4 5 6 7 8 9	want to be clear that I never would have asked you to appear at this deposition if your name hadn't been included in responses to discovery as to somebody with knowledge about the – who was told about the existence of the agreement. That is what prompted me do this, and I really do feel compelled to tell you that I otherwise would never have called you as a witness. So I regret that you're being put	
2 form. 3 Q. You can answer. 4 A. I don't – I heard ab 5 agreement. I don't know a 6 there was an agreement. 7 testified before – I said before 8 it, don't know the details. If 9 sometime this year. 10 Q. Do you have any p 11 about the terms of the agreement.	out the nything – I heard That is – again, as I ore, heard about believe it was personal knowledge eement, sir?	2 3 4 5 6 7 8 9 10	want to be clear that I never would have asked you to appear at this deposition if your name hadn't been included in responses to discovery as to somebody with knowledge about the — who was told about the existence of the agreement. That is what prompted me do this, and I really do feel compelled to tell you that I otherwise would never have called you as a witness. So I regret that you're being put through this today. I had no intention of	
2 form. 3 Q. You can answer. 4 A. I don't – I heard ab 5 agreement. I don't know a 6 there was an agreement. 7 testified before – I said befo 8 it, don't know the details. II 9 sometime this year. 10 Q. Do you have any I 11 about the terms of the agre 12 MS. DANDENEAU	out the nything — I heard That is — again, as I ore, heard about believe it was personal knowledge eement, sir? J: Objection to form.	2 3 4 5 6 7 8 9 10 11 12	want to be clear that I never would have asked you to appear at this deposition if your name hadn't been included in responses to discovery as to somebody with knowledge about the – who was told about the existence of the agreement. That is what prompted me do this, and I really do feel compelled to tell you that I otherwise would never have called you as a witness. So I regret that you're being put through this today. I had no intention of burdening you or taking your time, but that is	
2 form. 3 Q. You can answer. 4 A. I don't – I heard ab 5 agreement. I don't know a 6 there was an agreement. 7 testified before – I said befo 8 it, don't know the details. I i 9 sometime this year. 10 Q. Do you have any i 11 about the terms of the agre 12 MS. DANDENEAU 13 A. Other than what I i	out the nything – I heard That is – again, as I ore, heard about believe it was personal knowledge eement, sir? J: Objection to form. have previously	2 3 4 5 6 7 8 9 10 11 12 13	want to be clear that I never would have asked you to appear at this deposition if your name hadn't been included in responses to discovery as to somebody with knowledge about the – who was told about the existence of the agreement. That is what prompted me do this, and I really do feel compelled to tell you that I otherwise would never have called you as a witness. So I regret that you're being put through this today. I had no intention of burdening you or taking your time, but that is the reason that we issued the subpoena is	
2 form. 3 Q. You can answer. 4 A. I don't – I heard ab 5 agreement. I don't know a 6 there was an agreement. 7 testified before – I said before 8 it, don't know the details. If 9 sometime this year. 10 Q. Do you have any p 11 about the terms of the agree 12 MS. DANDENEAU 13 A. Other than what I is 14 discussed, I don't – I don't	out the nything — I heard That is — again, as I ore, heard about believe it was personal knowledge eement, sir? J: Objection to form. have previously know.	2 3 4 5 6 7 8 9 10 11 12 13 14	want to be clear that I never would have asked you to appear at this deposition if your name hadn't been included in responses to discovery as to somebody with knowledge about the — who was told about the existence of the agreement. That is what prompted me do this, and I really do feel compelled to tell you that I otherwise would never have called you as a witness. So I regret that you're being put through this today. I had no intention of burdening you or taking your time, but that is the reason that we issued the subpoena is because certain of the defendants identified	
2 form. 3 Q. You can answer. 4 A. I don't – I heard ab 5 agreement. I don't know a 6 there was an agreement. 7 testified before – I said befo 8 it, don't know the details. I l 9 sometime this year. 10 Q. Do you have any l 11 about the terms of the agree 12 MS. DANDENEAU 13 A. Other than what I l 14 discussed, I don't – I don't 15 Q. Did – did Mr. Dono	out the nything — I heard That is — again, as I ore, heard about believe it was personal knowledge eement, sir? J: Objection to form. have previously know. dero tell you	2 3 4 5 6 7 8 9 10 11 12 13 14 15	want to be clear that I never would have asked you to appear at this deposition if your name hadn't been included in responses to discovery as to somebody with knowledge about the – who was told about the existence of the agreement. That is what prompted me do this, and I really do feel compelled to tell you that I otherwise would never have called you as a witness. So I regret that you're being put through this today. I had no intention of burdening you or taking your time, but that is the reason that we issued the subpoena is because certain of the defendants identified you as somebody –	
2 form. 3 Q. You can answer. 4 A. I don't – I heard ab 5 agreement. I don't know a 6 there was an agreement. 7 testified before – I said before 8 it, don't know the details. If 9 sometime this year. 10 Q. Do you have any part about the terms of the agree 12 MS. DANDENEAU 13 A. Other than what I begin the discussed, I don't – I don't 14 discussed, I don't – I don't 15 Q. Did – did Mr. Dono 16 about the existence of the	out the nything — I heard That is — again, as I ore, heard about believe it was personal knowledge eement, sir? J: Objection to form. have previously know. dero tell you	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	want to be clear that I never would have asked you to appear at this deposition if your name hadn't been included in responses to discovery as to somebody with knowledge about the – who was told about the existence of the agreement. That is what prompted me do this, and I really do feel compelled to tell you that I otherwise would never have called you as a witness. So I regret that you're being put through this today. I had no intention of burdening you or taking your time, but that is the reason that we issued the subpoena is because certain of the defendants identified you as somebody – MS. DEITSCH-PEREZ: Mr. Morris, you	
2 form. 3 Q. You can answer. 4 A. I don't – I heard ab 5 agreement. I don't know a 6 there was an agreement. 7 testified before – I said befo 8 it, don't know the details. I l 9 sometime this year. 10 Q. Do you have any l 11 about the terms of the agre 12 MS. DANDENEAU 13 A. Other than what I l 14 discussed, I don't – I don't 15 Q. Did – did Mr. Dono 16 about the existence of the 17 A. I don't recall.	out the nything – I heard That is – again, as I ore, heard about believe it was personal knowledge eement, sir? J: Objection to form. have previously know. dero tell you agreement?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	want to be clear that I never would have asked you to appear at this deposition if your name hadn't been included in responses to discovery as to somebody with knowledge about the – who was told about the existence of the agreement. That is what prompted me do this, and I really do feel compelled to tell you that I otherwise would never have called you as a witness. So I regret that you're being put through this today. I had no intention of burdening you or taking your time, but that is the reason that we issued the subpoena is because certain of the defendants identified you as somebody – MS. DEITSCH-PEREZ: Mr. Morris, you are here to ask questions, not to have –	
2 form. 3 Q. You can answer. 4 A. I don't – I heard ab 5 agreement. I don't know a 6 there was an agreement. 7 testified before – I said befo 8 it, don't know the details. I l 9 sometime this year. 10 Q. Do you have any l 11 about the terms of the agre 12 MS. DANDENEAU 13 A. Other than what I l 14 discussed, I don't – I don't 15 Q. Did – did Mr. Dono 16 about the existence of the 17 A. I don't recall. 18 Q. Do you recall the s	out the nything — I heard That is — again, as I ore, heard about believe it was personal knowledge eement, sir? J: Objection to form. have previously know. dero tell you agreement? source of your	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	want to be clear that I never would have asked you to appear at this deposition if your name hadn't been included in responses to discovery as to somebody with knowledge about the – who was told about the existence of the agreement. That is what prompted me do this, and I really do feel compelled to tell you that I otherwise would never have called you as a witness. So I regret that you're being put through this today. I had no intention of burdening you or taking your time, but that is the reason that we issued the subpoena is because certain of the defendants identified you as somebody – MS. DEITSCH-PEREZ: Mr. Morris, you are here to ask questions, not to have – MR. MORRIS: I feel badly for the	
2 form. 3 Q. You can answer. 4 A. I don't – I heard ab 5 agreement. I don't know a 6 there was an agreement. 7 testified before – I said befo 8 it, don't know the details. I l 9 sometime this year. 10 Q. Do you have any l 11 about the terms of the agre 12 MS. DANDENEAU 13 A. Other than what I l 14 discussed, I don't – I don't 15 Q. Did – did Mr. Dono 16 about the existence of the 17 A. I don't recall. 18 Q. Do you recall the s 19 information when you lear	out the nything — I heard That is — again, as I ore, heard about believe it was personal knowledge eement, sir? J: Objection to form. have previously know. dero tell you agreement? source of your	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	want to be clear that I never would have asked you to appear at this deposition if your name hadn't been included in responses to discovery as to somebody with knowledge about the — who was told about the existence of the agreement. That is what prompted me do this, and I really do feel compelled to tell you that I otherwise would never have called you as a witness. So I regret that you're being put through this today. I had no intention of burdening you or taking your time, but that is the reason that we issued the subpoena is because certain of the defendants identified you as somebody — MS. DEITSCH-PEREZ: Mr. Morris, you are here to ask questions, not to have — MR. MORRIS: I feel badly for the guy. I really do.	
2 form. 3 Q. You can answer. 4 A. I don't – I heard ab 5 agreement. I don't know a 6 there was an agreement. 7 testified before – I said befo 8 it, don't know the details. I i 9 sometime this year. 10 Q. Do you have any i 11 about the terms of the agre 12 MS. DANDENEAU 13 A. Other than what I i 14 discussed, I don't – I don't 15 Q. Did – did Mr. Dono 16 about the existence of the 17 A. I don't recall. 18 Q. Do you recall the s 19 information when you lear 20 agreement?	out the nything – I heard That is – again, as I ore, heard about believe it was personal knowledge eement, sir? J: Objection to form. have previously know. dero tell you agreement? source of your ned about the	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	want to be clear that I never would have asked you to appear at this deposition if your name hadn't been included in responses to discovery as to somebody with knowledge about the — who was told about the existence of the agreement. That is what prompted me do this, and I really do feel compelled to tell you that I otherwise would never have called you as a witness. So I regret that you're being put through this today. I had no intention of burdening you or taking your time, but that is the reason that we issued the subpoena is because certain of the defendants identified you as somebody — MS. DEITSCH-PEREZ: Mr. Morris, you are here to ask questions, not to have — MR. MORRIS: I feel badly for the guy. I really do. MS. DEITSCH-PEREZ: I'm sure you do.	
2 form. 3 Q. You can answer. 4 A. I don't – I heard about there was an agreement. 7 testified before – I said before it, don't know the details. If sometime this year. 10 Q. Do you have any about the terms of the agreement. 11 about the terms of the agreement. 12 MS. DANDENEAU. 13 A. Other than what I is discussed, I don't – I don't about the existence of the about the existence of the about the existence of the information when you learn agreement? 20 agreement? 21 A. No, I don't – I don't	out the nything – I heard That is – again, as I ore, heard about believe it was personal knowledge eement, sir? J: Objection to form. have previously know. dero tell you agreement? source of your ned about the	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	want to be clear that I never would have asked you to appear at this deposition if your name hadn't been included in responses to discovery as to somebody with knowledge about the – who was told about the existence of the agreement. That is what prompted me do this, and I really do feel compelled to tell you that I otherwise would never have called you as a witness. So I regret that you're being put through this today. I had no intention of burdening you or taking your time, but that is the reason that we issued the subpoena is because certain of the defendants identified you as somebody – MS. DEITSCH-PEREZ: Mr. Morris, you are here to ask questions, not to have – MR. MORRIS: I feel badly for the guy. I really do. MS. DEITSCH-PEREZ: I'm sure you do. MR. MORRIS: I do. Stop.	
2 form. 3 Q. You can answer. 4 A. I don't – I heard ab 5 agreement. I don't know a 6 there was an agreement. 7 testified before – I said befo 8 it, don't know the details. I l 9 sometime this year. 10 Q. Do you have any l 11 about the terms of the agre 12 MS. DANDENEAU 13 A. Other than what I l 14 discussed, I don't – I don't 15 Q. Did – did Mr. Dono 16 about the existence of the 17 A. I don't recall. 18 Q. Do you recall the s 19 information when you lear 20 agreement? 21 A. No, I don't – I don't 22 don't remember. I just – I	out the nything — I heard That is — again, as I ore, heard about believe it was personal knowledge eement, sir? J: Objection to form. have previously know. dero tell you agreement? source of your ned about the t recall. I heard about it	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	want to be clear that I never would have asked you to appear at this deposition if your name hadn't been included in responses to discovery as to somebody with knowledge about the – who was told about the existence of the agreement. That is what prompted me do this, and I really do feel compelled to tell you that I otherwise would never have called you as a witness. So I regret that you're being put through this today. I had no intention of burdening you or taking your time, but that is the reason that we issued the subpoena is because certain of the defendants identified you as somebody – MS. DEITSCH-PEREZ: Mr. Morris, you are here to ask questions, not to have – MR. MORRIS: I feel badly for the guy. I really do. MS. DEITSCH-PEREZ: I'm sure you do. MR. MORRIS: I do. Stop. MS. DEITSCH-PEREZ: You stop.	
2 form. 3 Q. You can answer. 4 A. I don't – I heard ab 5 agreement. I don't know a 6 there was an agreement. 7 testified before – I said befo 8 it, don't know the details. I i 9 sometime this year. 10 Q. Do you have any i 11 about the terms of the agre 12 MS. DANDENEAU 13 A. Other than what I i 14 discussed, I don't – I don't 15 Q. Did – did Mr. Dono 16 about the existence of the 17 A. I don't recall. 18 Q. Do you recall the s 19 information when you lear 20 agreement? 21 A. No, I don't – I don't 22 don't remember. I just – I i 23 generally. I don't remember.	out the nything — I heard That is — again, as I ore, heard about believe it was personal knowledge eement, sir? J: Objection to form. have previously know. dero tell you agreement? source of your ned about the t recall. I heard about it er — I don't	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	want to be clear that I never would have asked you to appear at this deposition if your name hadn't been included in responses to discovery as to somebody with knowledge about the – who was told about the existence of the agreement. That is what prompted me do this, and I really do feel compelled to tell you that I otherwise would never have called you as a witness. So I regret that you're being put through this today. I had no intention of burdening you or taking your time, but that is the reason that we issued the subpoena is because certain of the defendants identified you as somebody – MS. DEITSCH-PEREZ: Mr. Morris, you are here to ask questions, not to have – MR. MORRIS: I feel badly for the guy. I really do. MS. DEITSCH-PEREZ: I'm sure you do. MR. MORRIS: I do. Stop. MS. DEITSCH-PEREZ: You stop. MR. MORRIS: I'm allowed.	
2 form. 3 Q. You can answer. 4 A. I don't – I heard ab 5 agreement. I don't know a 6 there was an agreement. 7 testified before – I said befo 8 it, don't know the details. I l 9 sometime this year. 10 Q. Do you have any l 11 about the terms of the agre 12 MS. DANDENEAU 13 A. Other than what I l 14 discussed, I don't – I don't 15 Q. Did – did Mr. Dono 16 about the existence of the 17 A. I don't recall. 18 Q. Do you recall the s 19 information when you lear 20 agreement? 21 A. No, I don't – I don't 22 don't remember. I just – I	out the nything – I heard That is – again, as I ore, heard about believe it was personal knowledge eement, sir? J: Objection to form. have previously know. dero tell you agreement? source of your ned about the t recall. I heard about it er – I don't ow. I don't remember.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	want to be clear that I never would have asked you to appear at this deposition if your name hadn't been included in responses to discovery as to somebody with knowledge about the – who was told about the existence of the agreement. That is what prompted me do this, and I really do feel compelled to tell you that I otherwise would never have called you as a witness. So I regret that you're being put through this today. I had no intention of burdening you or taking your time, but that is the reason that we issued the subpoena is because certain of the defendants identified you as somebody – MS. DEITSCH-PEREZ: Mr. Morris, you are here to ask questions, not to have – MR. MORRIS: I feel badly for the guy. I really do. MS. DEITSCH-PEREZ: I'm sure you do. MR. MORRIS: I do. Stop. MS. DEITSCH-PEREZ: You stop.	

	Page 82	<u> </u>		Page 83
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	i age oo
2	Q. Okay. Well, I hope that you	2	Q. Did you ever make	
3	appreciate what I'm saying here,	3	A. I don't know anything about these	
4	Mr. Waterhouse.	4	agreements.	
5	MS. DANDENEAU: All right. Let's go	5	Q. Did you ever make any effort to	
6	ahead and ask questions, and again, you're	6	determine which promissory notes are subject to	
7	entitled to probe his his knowledge	7	this agreement?	
8	of – whatever knowledge he has about	8	A. No.	
9	this this agreement and	9	Q. Did you ever ask anybody which	
10	MR. MORRIS: That is what I'm doing.	10	promissory notes are subject to this agreement?	
11	MS. DANDENEAU: - he will answer	11	A. No.	
12	the questions to the best that he can.	12	Q. Do you know if there is a list	
13	MR. MORRIS: That is what I'm doing.	13	anywhere of the promissory notes that are	
14	Q. Mr. Waterhouse, I take it you do not	14	subject to this agreement?	
15	know which promissory notes issued by which	15	A. I'm not aware.	
16	affiliates or Mr. Dondero are the subject of	16	Q. Have you ever seen the terms of the	
17	this agreement; do I have that right?	17	agreement written down anywhere?	
18	A. Yes, I don't - I don't know.	18	A. No.	
19	Q. Do you know of any way to determine	19	Q. Have you ever asked anybody whether	
20	which promissory notes issued by the affiliates	20	the terms of the agreement were written down	
21	and Mr. Dondero are the subject of this	21	anywhere?	
22	agreement other than asking Jim or Nancy	22	A. I have not.	
23	Dondero?	23	Q. Did learning about the agreement	
24	MS. DANDENEAU: Objection to form.	24	cause you to do anything in response?	
25	A. I don't know.	25	MS. DANDENEAU: Objection to form.	
1	Page 84	1	WATERHOUSE 40 40 24	Page 85
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 85
2	WATERHOUSE - 10-19-21 A. No.	2	as to the reason why Highland had its annual	Page 85
1	WATERHOUSE - 10-19-21 A. No. Q. Did anybody ever describe to you the	2	as to the reason why Highland had its annual financial statements audited each year.	Page 85
2 3 4	WATERHOUSE - 10-19-21 A. No. Q. Did anybody ever describe to you the nature of the milestones that you referred to	2 3 4	as to the reason why Highland had its annual financial statements audited each year. A. From – from time to time, they were	Page 85
2 3 4 5	WATERHOUSE - 10-19-21 A. No. Q. Did anybody ever describe to you the nature of the milestones that you referred to earlier?	2 3 4 5	as to the reason why Highland had its annual financial statements audited each year. A. From – from time to time, they were used – or asked for, as part of diligence or	Page 85
2 3 4	A. No. Q. Did anybody ever describe to you the nature of the milestones that you referred to earlier? A. No, I don't – I don't have any	2 3 4 5 6	as to the reason why Highland had its annual financial statements audited each year. A. From – from time to time, they were used – or asked for, as part of diligence or transactions or – or things of that nature.	Page 85
2 3 4 5 6 7	WATERHOUSE - 10-19-21 A. No. Q. Did anybody ever describe to you the nature of the milestones that you referred to earlier? A. No, I don't – I don't have any details of this.	2 3 4 5 6 7	as to the reason why Highland had its annual financial statements audited each year. A. From – from time to time, they were used – or asked for, as part of diligence or transactions or – or things of that nature. Q. And were they given to third parties	Page 85
2 3 4 5 6 7 8	WATERHOUSE - 10-19-21 A. No. Q. Did anybody ever describe to you the nature of the milestones that you referred to earlier? A. No, I don't – I don't have any details of this. Q. That is fine.	2 3 4 5 6 7 8	as to the reason why Highland had its annual financial statements audited each year. A. From – from time to time, they were used – or asked for, as part of diligence or transactions or – or things of that nature. Q. And were they given to third parties for purposes of diligence or transactions from	Page 85
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 A. No. Q. Did anybody ever describe to you the nature of the milestones that you referred to earlier? A. No, I don't – I don't have any details of this. Q. That is fine. PricewaterhouseCoopers served as	2 3 4 5 6 7 8 9	as to the reason why Highland had its annual financial statements audited each year. A. From – from time to time, they were used – or asked for, as part of diligence or transactions or – or things of that nature. Q. And were they given to third parties for purposes of diligence or transactions from time to time?	Page 85
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 A. No. Q. Did anybody ever describe to you the nature of the milestones that you referred to earlier? A. No, I don't – I don't have any details of this. Q. That is fine. PricewaterhouseCoopers served as Highland's outside auditors prior to the	2 3 4 5 6 7 8 9	as to the reason why Highland had its annual financial statements audited each year. A. From – from time to time, they were used – or asked for, as part of diligence or transactions or – or things of that nature. Q. And were they given to third parties for purposes of diligence or transactions from time to time? A. As far as I'm aware, yes.	Page 85
2 3 4 5 6 7 8 9 10 11	WATERHOUSE - 10-19-21 A. No. Q. Did anybody ever describe to you the nature of the milestones that you referred to earlier? A. No, I don't – I don't have any details of this. Q. That is fine. PricewaterhouseCoopers served as Highland's outside auditors prior to the petition date; correct?	2 3 4 5 6 7 8 9 10	as to the reason why Highland had its annual financial statements audited each year. A. From – from time to time, they were used – or asked for, as part of diligence or transactions or – or things of that nature. Q. And were they given to third parties for purposes of diligence or transactions from time to time? A. As far as I'm aware, yes. Q. And was it your understanding as the	Page 85
2 3 4 5 6 7 8 9 10 11 12	WATERHOUSE - 10-19-21 A. No. Q. Did anybody ever describe to you the nature of the milestones that you referred to earlier? A. No, I don't – I don't have any details of this. Q. That is fine. PricewaterhouseCoopers served as Highland's outside auditors prior to the petition date; correct? A. Yes.	2 3 4 5 6 7 8 9 10 11 12	as to the reason why Highland had its annual financial statements audited each year. A. From – from time to time, they were used – or asked for, as part of diligence or transactions or – or things of that nature. Q. And were they given to third parties for purposes of diligence or transactions from time to time? A. As far as I'm aware, yes. Q. And was it your understanding as the CFO that the third parties who received the	Page 85
2 3 4 5 6 7 8 9 10 11 12 13	WATERHOUSE - 10-19-21 A. No. Q. Did anybody ever describe to you the nature of the milestones that you referred to earlier? A. No, I don't – I don't have any details of this. Q. That is fine. PricewaterhouseCoopers served as Highland's outside auditors prior to the petition date; correct? A. Yes. Q. You refer to PricewaterhouseCoopers	2 3 4 5 6 7 8 9 10 11 12 13	as to the reason why Highland had its annual financial statements audited each year. A. From – from time to time, they were used – or asked for, as part of diligence or transactions or – or things of that nature. Q. And were they given to third parties for purposes of diligence or transactions from time to time? A. As far as I'm aware, yes. Q. And was it your understanding as the CFO that the third parties who received the financial statements in diligence or	Page 85
2 3 4 5 6 7 8 9 10 11 12 13 14	WATERHOUSE - 10-19-21 A. No. Q. Did anybody ever describe to you the nature of the milestones that you referred to earlier? A. No, I don't – I don't have any details of this. Q. That is fine. PricewaterhouseCoopers served as Highland's outside auditors prior to the petition date; correct? A. Yes. Q. You refer to PricewaterhouseCoopers as PwC?	2 3 4 5 6 7 8 9 10 11 12 13 14	as to the reason why Highland had its annual financial statements audited each year. A. From – from time to time, they were used – or asked for, as part of diligence or transactions or – or things of that nature. Q. And were they given to third parties for purposes of diligence or transactions from time to time? A. As far as I'm aware, yes. Q. And was it your understanding as the CFO that the third parties who received the financial statements in diligence or transactions was going to rely on those?	Page 85
2 3 4 5 6 7 8 9 10 11 12 13 14 15	WATERHOUSE - 10-19-21 A. No. Q. Did anybody ever describe to you the nature of the milestones that you referred to earlier? A. No, I don't – I don't have any details of this. Q. That is fine. PricewaterhouseCoopers served as Highland's outside auditors prior to the petition date; correct? A. Yes. Q. You refer to PricewaterhouseCoopers as PwC? A. Yes.	2 3 4 5 6 7 8 9 10 11 12 13 14 15	as to the reason why Highland had its annual financial statements audited each year. A. From – from time to time, they were used – or asked for, as part of diligence or transactions or – or things of that nature. Q. And were they given to third parties for purposes of diligence or transactions from time to time? A. As far as I'm aware, yes. Q. And was it your understanding as the CFO that the third parties who received the financial statements in diligence or transactions was going to rely on those? MS. DANDENEAU: Objection to form.	Page 85
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	WATERHOUSE - 10-19-21 A. No. Q. Did anybody ever describe to you the nature of the milestones that you referred to earlier? A. No, I don't – I don't have any details of this. Q. That is fine. PricewaterhouseCoopers served as Highland's outside auditors prior to the petition date; correct? A. Yes. Q. You refer to PricewaterhouseCoopers as PwC? A. Yes. Q. PricewaterhouseCoopers audited	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	as to the reason why Highland had its annual financial statements audited each year. A. From – from time to time, they were used – or asked for, as part of diligence or transactions or – or things of that nature. Q. And were they given to third parties for purposes of diligence or transactions from time to time? A. As far as I'm aware, yes. Q. And was it your understanding as the CFO that the third parties who received the financial statements in diligence or transactions was going to rely on those? MS. DANDENEAU: Objection to form. A. I don't know – I don't know gen –	Page 85
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	WATERHOUSE - 10-19-21 A. No. Q. Did anybody ever describe to you the nature of the milestones that you referred to earlier? A. No, I don't – I don't have any details of this. Q. That is fine. PricewaterhouseCoopers served as Highland's outside auditors prior to the petition date; correct? A. Yes. Q. You refer to PricewaterhouseCoopers as PwC? A. Yes. Q. PricewaterhouseCoopers audited Highland's financial statements on an annual	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	as to the reason why Highland had its annual financial statements audited each year. A. From – from time to time, they were used – or asked for, as part of diligence or transactions or – or things of that nature. Q. And were they given to third parties for purposes of diligence or transactions from time to time? A. As far as I'm aware, yes. Q. And was it your understanding as the CFO that the third parties who received the financial statements in diligence or transactions was going to rely on those? MS. DANDENEAU: Objection to form. A. I don't know – I don't know gen – I don't know specifically what they were going	Page 85
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	WATERHOUSE - 10-19-21 A. No. Q. Did anybody ever describe to you the nature of the milestones that you referred to earlier? A. No, I don't – I don't have any details of this. Q. That is fine. PricewaterhouseCoopers served as Highland's outside auditors prior to the petition date; correct? A. Yes. Q. You refer to PricewaterhouseCoopers as PwC? A. Yes. Q. PricewaterhouseCoopers audited Highland's financial statements on an annual basis; correct?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	as to the reason why Highland had its annual financial statements audited each year. A. From – from time to time, they were used – or asked for, as part of diligence or transactions or – or things of that nature. Q. And were they given to third parties for purposes of diligence or transactions from time to time? A. As far as I'm aware, yes. Q. And was it your understanding as the CFO that the third parties who received the financial statements in diligence or transactions was going to rely on those? MS. DANDENEAU: Objection to form. A. I don't know – I don't know gen – I don't know specifically what they were going to rely on. You know, we would get requests	Page 85
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	WATERHOUSE - 10-19-21 A. No. Q. Did anybody ever describe to you the nature of the milestones that you referred to earlier? A. No, I don't – I don't have any details of this. Q. That is fine. PricewaterhouseCoopers served as Highland's outside auditors prior to the petition date; correct? A. Yes. Q. You refer to PricewaterhouseCoopers as PwC? A. Yes. Q. PricewaterhouseCoopers audited Highland's financial statements on an annual basis; correct? A. During my – during my time as – as	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	as to the reason why Highland had its annual financial statements audited each year. A. From – from time to time, they were used – or asked for, as part of diligence or transactions or – or things of that nature. Q. And were they given to third parties for purposes of diligence or transactions from time to time? A. As far as I'm aware, yes. Q. And was it your understanding as the CFO that the third parties who received the financial statements in diligence or transactions was going to rely on those? MS. DANDENEAU: Objection to form. A. I don't know – I don't know gen – I don't know specifically what they were going to rely on. You know, we would get requests for audited financial statements. I don't know	Page 85
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	WATERHOUSE - 10-19-21 A. No. Q. Did anybody ever describe to you the nature of the milestones that you referred to earlier? A. No, I don't – I don't have any details of this. Q. That is fine. PricewaterhouseCoopers served as Highland's outside auditors prior to the petition date; correct? A. Yes. Q. You refer to PricewaterhouseCoopers as PwC? A. Yes. Q. PricewaterhouseCoopers audited Highland's financial statements on an annual basis; correct? A. During my – during my time as – as CFO, yes, PricewaterhouseCoopers was the	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	as to the reason why Highland had its annual financial statements audited each year. A. From – from time to time, they were used – or asked for, as part of diligence or transactions or – or things of that nature. Q. And were they given to third parties for purposes of diligence or transactions from time to time? A. As far as I'm aware, yes. Q. And was it your understanding as the CFO that the third parties who received the financial statements in diligence or transactions was going to rely on those? MS. DANDENEAU: Objection to form. A. I don't know – I don't know gen – I don't know specifically what they were going to rely on. You know, we would get requests for audited financial statements. I don't know what they were relying on.	Page 85
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	WATERHOUSE - 10-19-21 A. No. Q. Did anybody ever describe to you the nature of the milestones that you referred to earlier? A. No, I don't – I don't have any details of this. Q. That is fine. PricewaterhouseCoopers served as Highland's outside auditors prior to the petition date; correct? A. Yes. Q. You refer to PricewaterhouseCoopers as PwC? A. Yes. Q. PricewaterhouseCoopers audited Highland's financial statements on an annual basis; correct? A. During my – during my time as – as CFO, yes, PricewaterhouseCoopers was the auditor.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	as to the reason why Highland had its annual financial statements audited each year. A. From – from time to time, they were used – or asked for, as part of diligence or transactions or – or things of that nature. Q. And were they given to third parties for purposes of diligence or transactions from time to time? A. As far as I'm aware, yes. Q. And was it your understanding as the CFO that the third parties who received the financial statements in diligence or transactions was going to rely on those? MS. DANDENEAU: Objection to form. A. I don't know – I don't know gen – I don't know specifically what they were going to rely on. You know, we would get requests for audited financial statements. I don't know what they were relying on. Q. And –	Page 85
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	WATERHOUSE - 10-19-21 A. No. Q. Did anybody ever describe to you the nature of the milestones that you referred to earlier? A. No, I don't – I don't have any details of this. Q. That is fine. PricewaterhouseCoopers served as Highland's outside auditors prior to the petition date; correct? A. Yes. Q. You refer to PricewaterhouseCoopers as PwC? A. Yes. Q. PricewaterhouseCoopers audited Highland's financial statements on an annual basis; correct? A. During my – during my time as – as CFO, yes, PricewaterhouseCoopers was the auditor. Q. Do you know why Highland had its	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	as to the reason why Highland had its annual financial statements audited each year. A. From – from time to time, they were used – or asked for, as part of diligence or transactions or – or things of that nature. Q. And were they given to third parties for purposes of diligence or transactions from time to time? A. As far as I'm aware, yes. Q. And was it your understanding as the CFO that the third parties who received the financial statements in diligence or transactions was going to rely on those? MS. DANDENEAU: Objection to form. A. I don't know – I don't know gen – I don't know specifically what they were going to rely on. You know, we would get requests for audited financial statements. I don't know what they were relying on. Q. And – A. You would have to ask them.	Page 85
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	WATERHOUSE - 10-19-21 A. No. Q. Did anybody ever describe to you the nature of the milestones that you referred to earlier? A. No, I don't – I don't have any details of this. Q. That is fine. PricewaterhouseCoopers served as Highland's outside auditors prior to the petition date; correct? A. Yes. Q. You refer to PricewaterhouseCoopers as PwC? A. Yes. Q. PricewaterhouseCoopers audited Highland's financial statements on an annual basis; correct? A. During my – during my time as – as CFO, yes, PricewaterhouseCoopers was the auditor. Q. Do you know why Highland had its annual financial statements audited each year?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	as to the reason why Highland had its annual financial statements audited each year. A. From – from time to time, they were used – or asked for, as part of diligence or transactions or – or things of that nature. Q. And were they given to third parties for purposes of diligence or transactions from time to time? A. As far as I'm aware, yes. Q. And was it your understanding as the CFO that the third parties who received the financial statements in diligence or transactions was going to rely on those? MS. DANDENEAU: Objection to form. A. I don't know – I don't know gen – I don't know specifically what they were going to rely on. You know, we would get requests for audited financial statements. I don't know what they were relying on. Q. And – A. You would have to ask them. Q. Did you personally play a role in	Page 85
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	WATERHOUSE - 10-19-21 A. No. Q. Did anybody ever describe to you the nature of the milestones that you referred to earlier? A. No, I don't – I don't have any details of this. Q. That is fine. PricewaterhouseCoopers served as Highland's outside auditors prior to the petition date; correct? A. Yes. Q. You refer to PricewaterhouseCoopers as PwC? A. Yes. Q. PricewaterhouseCoopers audited Highland's financial statements on an annual basis; correct? A. During my – during my time as – as CFO, yes, PricewaterhouseCoopers was the auditor. Q. Do you know why Highland had its	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	as to the reason why Highland had its annual financial statements audited each year. A. From – from time to time, they were used – or asked for, as part of diligence or transactions or – or things of that nature. Q. And were they given to third parties for purposes of diligence or transactions from time to time? A. As far as I'm aware, yes. Q. And was it your understanding as the CFO that the third parties who received the financial statements in diligence or transactions was going to rely on those? MS. DANDENEAU: Objection to form. A. I don't know – I don't know gen – I don't know specifically what they were going to rely on. You know, we would get requests for audited financial statements. I don't know what they were relying on. Q. And – A. You would have to ask them. Q. Did you personally play a role in PwC's annual audit and the conduct of the	Page 85

Page 86	Page 8
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
2 MS. DANDENEAU: Objection to form.	2 was a – there was a point – it varies. It
3 A. During my tenure as CFO, I played a	3 varies by year, in function, in time and, you
4 very minimal role.	4 know, depending on the request, but yes, I
5 Q. What was the minimal role that you	5 mean, there is – there is – there is
6 played?	6 generally a point person of communication.
7 A. You know, again, it was – it was to	7 Q. And who was the point person from
8 check in with the team, to make sure that, you	8 2016 until the time you left Highland?
9 know, audit – the deadlines were being hit,	9 A. I don't I don't know
10 information was being presented to the auditors	10 specifically, but it would have been, you
11 in a in a timely fashion, but, you know,	11 know – you know, someone on the corporate
12 other than that, it was a very capable team	12 accounting team.
13 that are still current employees of Highland	13 Q. And was there a head of the
14 and, you know, they – they conducted 99	14 corporate accounting team?
15 percent of – look, I don't want to give	15 A. Yes, so – yes.
16 percentages. I mean, this is – but I – I –	16 Q. Who was the head of corporate
17 I played a minimal role towards the end.	17 accounting for the five years prior to the time
18 Before during my earlier years as	18 you left Highland?
19 CFO, I did more, and then as time went on, I	19 A. I don't – if you're asking from
20 did less in it.	20 2016 on, I don't it was Dave Klos, but,
21 Q. Okay. Was there a person at	21 again, there was – there was changes to the
22 Highland who was responsible for overseeing	22 team and the reporting structure. I don't
23 Highland's participation in PwC's audit during	23 remember exactly when that happened during –
24 the time that you were the CFO?	24 you know, over the last – since 2016.
25 A. Yeah. I mean, there was – there	25 Q. Did the folks who participated and
Page 88	Page 8
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
1 WATERHOUSE - 10-19-21 2 ran the audit all report to you, directly or	1 WATERHOUSE - 10-19-21 2 If you – if you talk to my team members, I'm
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21 2 If you – if you talk to my team members, I'm 3 not micromanaging people. I want people to
1 WATERHOUSE - 10-19-21 2 ran the audit all report to you, directly or 3 indirectly? 4 A. Yes.	 1 WATERHOUSE - 10-19-21 2 If you – if you talk to my team members, I'm 3 not micromanaging people. I want people to 4 learn and grow in their function so they can go
1 WATERHOUSE - 10-19-21 2 ran the audit all report to you, directly or 3 indirectly? 4 A. Yes. 5 Q. And did you have any responsibility	1 WATERHOUSE - 10-19-21 2 If you – if you talk to my team members, I'm 3 not micromanaging people. I want people to 4 learn and grow in their function so they can go 5 on and do bigger and better things with their
1 WATERHOUSE - 10-19-21 2 ran the audit all report to you, directly or 3 indirectly? 4 A. Yes. 5 Q. And did you have any responsibility 6 for making sure that the audit report was	1 WATERHOUSE - 10-19-21 2 If you – if you talk to my team members, I'm 3 not micromanaging people. I want people to 4 learn and grow in their function so they can go 5 on and do bigger and better things with their 6 careers.
1 WATERHOUSE - 10-19-21 2 ran the audit all report to you, directly or 3 indirectly? 4 A. Yes. 5 Q. And did you have any responsibility 6 for making sure that the audit report was 7 accurate before it was finalized?	1 WATERHOUSE - 10-19-21 2 If you – if you talk to my team members, I'm 3 not micromanaging people. I want people to 4 leam and grow in their function so they can go 5 on and do bigger and better things with their 6 careers. 7 And so, yes, generally I was
1 WATERHOUSE - 10-19-21 2 ran the audit all report to you, directly or 3 indirectly? 4 A. Yes. 5 Q. And did you have any responsibility 6 for making sure that the audit report was 7 accurate before it was finalized? 8 A. Yeah. I mean, you know, that —	1 WATERHOUSE - 10-19-21 2 If you – if you talk to my team members, I'm 3 not micromanaging people. I want people to 4 learn and grow in their function so they can go 5 on and do bigger and better things with their 6 careers. 7 And so, yes, generally I was 8 responsible for it, but I wanted the team to
1 WATERHOUSE - 10-19-21 2 ran the audit all report to you, directly or 3 indirectly? 4 A. Yes. 5 Q. And did you have any responsibility 6 for making sure that the audit report was 7 accurate before it was finalized? 8 A. Yeah. I mean, you know, that — 9 that is — my responsibility to the auditors	1 WATERHOUSE - 10-19-21 2 If you – if you talk to my team members, I'm 3 not micromanaging people. I want people to 4 learn and grow in their function so they can go 5 on and do bigger and better things with their 6 careers. 7 And so, yes, generally I was 8 responsible for it, but I wanted the team to 9 learn and grow and be responsible for the bulk
1 WATERHOUSE - 10-19-21 2 ran the audit all report to you, directly or 3 indirectly? 4 A. Yes. 5 Q. And did you have any responsibility 6 for making sure that the audit report was 7 accurate before it was finalized? 8 A. Yeah. I mean, you know, that — 9 that is — my responsibility to the auditors 10 was — again, is — and the CFO is to — we are	1 WATERHOUSE - 10-19-21 2 If you – if you talk to my team members, I'm 3 not micromanaging people. I want people to 4 learn and grow in their function so they can go 5 on and do bigger and better things with their 6 careers. 7 And so, yes, generally I was 8 responsible for it, but I wanted the team to 9 learn and grow and be responsible for the bulk 10 of the audit.
1 WATERHOUSE - 10-19-21 2 ran the audit all report to you, directly or 3 indirectly? 4 A. Yes. 5 Q. And did you have any responsibility 6 for making sure that the audit report was 7 accurate before it was finalized? 8 A. Yeah. I mean, you know, that — 9 that is — my responsibility to the auditors 10 was — again, is — and the CFO is to — we are 11 providing accurate financial statements; right?	1 WATERHOUSE - 10-19-21 2 If you – if you talk to my team members, I'm 3 not micromanaging people. I want people to 4 learn and grow in their function so they can go 5 on and do bigger and better things with their 6 careers. 7 And so, yes, generally I was 8 responsible for it, but I wanted the team to 9 learn and grow and be responsible for the bulk 10 of the audit. 11 Q. Did you personally review each audit
1 WATERHOUSE - 10-19-21 2 ran the audit all report to you, directly or 3 indirectly? 4 A. Yes. 5 Q. And did you have any responsibility 6 for making sure that the audit report was 7 accurate before it was finalized? 8 A. Yeah. I mean, you know, that — 9 that is — my responsibility to the auditors 10 was — again, is — and the CFO is to — we are 11 providing accurate financial statements; right? 12 And — and — and as part of any	1 WATERHOUSE - 10-19-21 2 If you – if you talk to my team members, I'm 3 not micromanaging people. I want people to 4 learn and grow in their function so they can go 5 on and do bigger and better things with their 6 careers. 7 And so, yes, generally I was 8 responsible for it, but I wanted the team to 9 learn and grow and be responsible for the bulk 10 of the audit. 11 Q. Did you personally review each audit 12 report before it was finalized to satisfy
1 WATERHOUSE - 10-19-21 2 ran the audit all report to you, directly or 3 indirectly? 4 A. Yes. 5 Q. And did you have any responsibility 6 for making sure that the audit report was 7 accurate before it was finalized? 8 A. Yeah. I mean, you know, that — 9 that is — my responsibility to the auditors 10 was — again, is — and the CFO is to — we are 11 providing accurate financial statements; right? 12 And — and — and as part of any 13 audit, we disclose all relevant information as	1 WATERHOUSE - 10-19-21 2 If you – if you talk to my team members, I'm 3 not micromanaging people. I want people to 4 leam and grow in their function so they can go 5 on and do bigger and better things with their 6 careers. 7 And so, yes, generally I was 8 responsible for it, but I wanted the team to 9 leam and grow and be responsible for the bulk 10 of the audit. 11 Q. Did you personally review each audit 12 report before it was finalized to satisfy 13 yourself that it was accurate?
1 WATERHOUSE - 10-19-21 2 ran the audit all report to you, directly or 3 indirectly? 4 A. Yes. 5 Q. And did you have any responsibility 6 for making sure that the audit report was 7 accurate before it was finalized? 8 A. Yeah. I mean, you know, that — 9 that is — my responsibility to the auditors 10 was — again, is — and the CFO is to — we are 11 providing accurate financial statements; right? 12 And — and — and as part of any 13 audit, we disclose all relevant information as 14 part of any audit.	1 WATERHOUSE - 10-19-21 2 If you – if you talk to my team members, I'm 3 not micromanaging people. I want people to 4 leam and grow in their function so they can go 5 on and do bigger and better things with their 6 careers. 7 And so, yes, generally I was 8 responsible for it, but I wanted the team to 9 leam and grow and be responsible for the bulk 10 of the audit. 11 Q. Did you personally review each audit 12 report before it was finalized to satisfy 13 yourself that it was accurate? 14 A. I don't – I don't recall, you know,
1 WATERHOUSE - 10-19-21 2 ran the audit all report to you, directly or 3 indirectly? 4 A. Yes. 5 Q. And did you have any responsibility 6 for making sure that the audit report was 7 accurate before it was finalized? 8 A. Yeah. I mean, you know, that — 9 that is — my responsibility to the auditors 10 was — again, is — and the CFO is to — we are 11 providing accurate financial statements; right? 12 And — and — and as part of any 13 audit, we disclose all relevant information as 14 part of any audit. 15 Q. Okay. And as the CFO, did you take	1 WATERHOUSE - 10-19-21 2 If you – if you talk to my team members, I'm 3 not micromanaging people. I want people to 4 learn and grow in their function so they can go 5 on and do bigger and better things with their 6 careers. 7 And so, yes, generally I was 8 responsible for it, but I wanted the team to 9 learn and grow and be responsible for the bulk 10 of the audit. 11 Q. Did you personally review each audit 12 report before it was finalized to satisfy 13 yourself that it was accurate? 14 A. I don't – I don't recall, you know, 15 for every single – we're talking 2016, there
1 WATERHOUSE - 10-19-21 2 ran the audit all report to you, directly or 3 indirectly? 4 A. Yes. 5 Q. And did you have any responsibility 6 for making sure that the audit report was 7 accurate before it was finalized? 8 A. Yeah. I mean, you know, that — 9 that is — my responsibility to the auditors 10 was — again, is — and the CFO is to — we are 11 providing accurate financial statements; right? 12 And — and — and as part of any 13 audit, we disclose all relevant information as 14 part of any audit. 15 Q. Okay. And as the CFO, did you take 16 steps to make sure that the audit report was	1 WATERHOUSE - 10-19-21 2 If you – if you talk to my team members, I'm 3 not micromanaging people. I want people to 4 learn and grow in their function so they can go 5 on and do bigger and better things with their 6 careers. 7 And so, yes, generally I was 8 responsible for it, but I wanted the team to 9 learn and grow and be responsible for the bulk 10 of the audit. 11 Q. Did you personally review each audit 12 report before it was finalized to satisfy 13 yourself that it was accurate? 14 A. I don't – I don't recall, you know, 15 for every single – we're talking 2016, there 16 would have been three years, 2016 to '17, '18.
1 WATERHOUSE - 10-19-21 2 ran the audit all report to you, directly or 3 indirectly? 4 A. Yes. 5 Q. And did you have any responsibility 6 for making sure that the audit report was 7 accurate before it was finalized? 8 A. Yeah. I mean, you know, that — 9 that is — my responsibility to the auditors 10 was — again, is — and the CFO is to — we are 11 providing accurate financial statements; right? 12 And — and — and as part of any 13 audit, we disclose all relevant information as 14 part of any audit. 15 Q. Okay. And as the CFO, did you take 16 steps to make sure that the audit report was 17 accurate?	1 WATERHOUSE - 10-19-21 2 If you – if you talk to my team members, I'm 3 not micromanaging people. I want people to 4 learn and grow in their function so they can go 5 on and do bigger and better things with their 6 careers. 7 And so, yes, generally I was 8 responsible for it, but I wanted the team to 9 learn and grow and be responsible for the bulk 10 of the audit. 11 Q. Did you personally review each audit 12 report before it was finalized to satisfy 13 yourself that it was accurate? 14 A. I don't – I don't recall, you know, 15 for every single – we're talking 2016, there 16 would have been three years, 2016 to '17, '18. 17 I don't – we're – we're going back
1 WATERHOUSE - 10-19-21 2 ran the audit all report to you, directly or 3 indirectly? 4 A. Yes. 5 Q. And did you have any responsibility 6 for making sure that the audit report was 7 accurate before it was finalized? 8 A. Yeah. I mean, you know, that — 9 that is — my responsibility to the auditors 10 was — again, is — and the CFO is to — we are 11 providing accurate financial statements; right? 12 And — and — and as part of any 13 audit, we disclose all relevant information as 14 part of any audit. 15 Q. Okay. And as the CFO, did you take 16 steps to make sure that the audit report was 17 accurate? 18 A. I mean, I would say in a general	1 WATERHOUSE - 10-19-21 2 If you – if you talk to my team members, I'm 3 not micromanaging people. I want people to 4 learn and grow in their function so they can go 5 on and do bigger and better things with their 6 careers. 7 And so, yes, generally I was 8 responsible for it, but I wanted the team to 9 learn and grow and be responsible for the bulk 10 of the audit. 11 Q. Did you personally review each audit 12 report before it was finalized to satisfy 13 yourself that it was accurate? 14 A. I don't – I don't recall, you know, 15 for every single – we're talking 2016, there 16 would have been three years, 2016 to '17, '18. 17 I don't – we're – we're going back 18 five years-plus. I don't – you know, I don't
1 WATERHOUSE - 10-19-21 2 ran the audit all report to you, directly or 3 indirectly? 4 A. Yes. 5 Q. And did you have any responsibility 6 for making sure that the audit report was 7 accurate before it was finalized? 8 A. Yeah. I mean, you know, that — 9 that is — my responsibility to the auditors 10 was — again, is — and the CFO is to — we are 11 providing accurate financial statements; right? 12 And — and — and as part of any 13 audit, we disclose all relevant information as 14 part of any audit. 15 Q. Okay. And as the CFO, did you take 16 steps to make sure that the audit report was 17 accurate? 18 A. I mean, I would say in a general 19 sense, yes. But, again, I mean, I had a	1 WATERHOUSE - 10-19-21 2 If you – if you talk to my team members, I'm 3 not micromanaging people. I want people to 4 learn and grow in their function so they can go 5 on and do bigger and better things with their 6 careers. 7 And so, yes, generally I was 8 responsible for it, but I wanted the team to 9 learn and grow and be responsible for the bulk 10 of the audit. 11 Q. Did you personally review each audit 12 report before it was finalized to satisfy 13 yourself that it was accurate? 14 A. I don't – I don't recall, you know, 15 for every single – we're talking 2016, there 16 would have been three years, 2016 to '17, '18. 17 I don't – we're – we're going back 18 five years-plus. I don't – you know, I don't 19 recall.
1 WATERHOUSE - 10-19-21 2 ran the audit all report to you, directly or 3 indirectly? 4 A. Yes. 5 Q. And did you have any responsibility 6 for making sure that the audit report was 7 accurate before it was finalized? 8 A. Yeah. I mean, you know, that — 9 that is — my responsibility to the auditors 10 was — again, is — and the CFO is to — we are 11 providing accurate financial statements; right? 12 And — and — and as part of any 13 audit, we disclose all relevant information as 14 part of any audit. 15 Q. Okay. And as the CFO, did you take 16 steps to make sure that the audit report was 17 accurate? 18 A. I mean, I would say in a general 19 sense, yes. But, again, I mean, I had a 20 very — I had a very capable and competent	1 WATERHOUSE - 10-19-21 2 If you – if you talk to my team members, I'm 3 not micromanaging people. I want people to 4 learn and grow in their function so they can go 5 on and do bigger and better things with their 6 careers. 7 And so, yes, generally I was 8 responsible for it, but I wanted the team to 9 learn and grow and be responsible for the bulk 10 of the audit. 11 Q. Did you personally review each audit 12 report before it was finalized to satisfy 13 yourself that it was accurate? 14 A. I don't – I don't recall, you know, 15 for every single – we're talking 2016, there 16 would have been three years, 2016 to '17, '18. 17 I don't – we're – we're going back 18 five years-plus. I don't – you know, I don't 19 recall. 20 Q. Did you have a practice that you
1 WATERHOUSE - 10-19-21 2 ran the audit all report to you, directly or 3 indirectly? 4 A. Yes. 5 Q. And did you have any responsibility 6 for making sure that the audit report was 7 accurate before it was finalized? 8 A. Yeah. I mean, you know, that — 9 that is — my responsibility to the auditors 10 was — again, is — and the CFO is to — we are 11 providing accurate financial statements; right? 12 And — and — and as part of any 13 audit, we disclose all relevant information as 14 part of any audit. 15 Q. Okay. And as the CFO, did you take 16 steps to make sure that the audit report was 17 accurate? 18 A. I mean, I would say in a general 19 sense, yes. But, again, I mean, I had a 20 very — I had a very capable and competent 21 team. I wasn't managing them.	1 WATERHOUSE - 10-19-21 2 If you – if you talk to my team members, I'm 3 not micromanaging people. I want people to 4 leam and grow in their function so they can go 5 on and do bigger and better things with their 6 careers. 7 And so, yes, generally I was 8 responsible for it, but I wanted the team to 9 leam and grow and be responsible for the bulk 10 of the audit. 11 Q. Did you personally review each audit 12 report before it was finalized to satisfy 13 yourself that it was accurate? 14 A. I don't – I don't recall, you know, 15 for every single – we're talking 2016, there 16 would have been three years, 2016 to '17, '18. 17 I don't – we're – we're going back 18 five years-plus. I don't – you know, I don't 19 recall. 20 Q. Did you have a practice that you 21 employed to make sure that you were satisfied
1 WATERHOUSE - 10-19-21 2 ran the audit all report to you, directly or 3 indirectly? 4 A. Yes. 5 Q. And did you have any responsibility 6 for making sure that the audit report was 7 accurate before it was finalized? 8 A. Yeah. I mean, you know, that — 9 that is — my responsibility to the auditors 10 was — again, is — and the CFO is to — we are 11 providing accurate financial statements; right? 12 And — and — and as part of any 13 audit, we disclose all relevant information as 14 part of any audit. 15 Q. Okay. And as the CFO, did you take 16 steps to make sure that the audit report was 17 accurate? 18 A. I mean, I would say in a general 19 sense, yes. But, again, I mean, I had a 20 very — I had a very capable and competent 21 team. I wasn't managing them. 22 You know, part of what I do is I let	If you – if you talk to my team members, I'm not micromanaging people. I want people to leam and grow in their function so they can go on and do bigger and better things with their careers. And so, yes, generally I was responsible for it, but I wanted the team to leam and grow and be responsible for the bulk of the audit. Q. Did you personally review each audit report before it was finalized to satisfy yourself that it was accurate? A. I don't – I don't recall, you know, for every single – we're talking 2016, there would have been three years, 2016 to '17, '18. I don't – we're – we're going back five years-plus. I don't – you know, I don't recall. Q. Did you have a practice that you employed to make sure that you were satisfied that Highland's audit reports were true and
1 WATERHOUSE - 10-19-21 2 ran the audit all report to you, directly or 3 indirectly? 4 A. Yes. 5 Q. And did you have any responsibility 6 for making sure that the audit report was 7 accurate before it was finalized? 8 A. Yeah. I mean, you know, that — 9 that is — my responsibility to the auditors 10 was — again, is — and the CFO is to — we are 11 providing accurate financial statements; right? 12 And — and — and as part of any 13 audit, we disclose all relevant information as 14 part of any audit. 15 Q. Okay. And as the CFO, did you take 16 steps to make sure that the audit report was 17 accurate? 18 A. I mean, I would say in a general 19 sense, yes. But, again, I mean, I had a 20 very — I had a very capable and competent 21 team. I wasn't managing them. 22 You know, part of what I do is I let 23 the team — I want managers to grow. I want	If you – if you talk to my team members, I'm not micromanaging people. I want people to learn and grow in their function so they can go on and do bigger and better things with their careers. And so, yes, generally I was responsible for it, but I wanted the team to learn and grow and be responsible for the bulk of the audit. Q. Did you personally review each audit report before it was finalized to satisfy yourself that it was accurate? A. I don't – I don't recall, you know, for every single – we're talking 2016, there would have been three years, 2016 to '17, '18. I don't – we're – we're going back five years-plus. I don't – you know, I don't recall. Q. Did you have a practice that you employed to make sure that you were satisfied that Highland's audit reports were true and accurate to the best of your knowledge?
1 WATERHOUSE - 10-19-21 2 ran the audit all report to you, directly or 3 indirectly? 4 A. Yes. 5 Q. And did you have any responsibility 6 for making sure that the audit report was 7 accurate before it was finalized? 8 A. Yeah. I mean, you know, that — 9 that is — my responsibility to the auditors 10 was — again, is — and the CFO is to — we are 11 providing accurate financial statements; right? 12 And — and — and as part of any 13 audit, we disclose all relevant information as 14 part of any audit. 15 Q. Okay. And as the CFO, did you take 16 steps to make sure that the audit report was 17 accurate? 18 A. I mean, I would say in a general 19 sense, yes. But, again, I mean, I had a 20 very — I had a very capable and competent 21 team. I wasn't managing them. 22 You know, part of what I do is I let 23 the team — I want managers to grow. I want 24 managers to have rope. And that is — you	1 WATERHOUSE - 10-19-21 2 If you – if you talk to my team members, I'm 3 not micromanaging people. I want people to 4 learn and grow in their function so they can go 5 on and do bigger and better things with their 6 careers. 7 And so, yes, generally I was 8 responsible for it, but I wanted the team to 9 learn and grow and be responsible for the bulk 10 of the audit. 11 Q. Did you personally review each audit 12 report before it was finalized to satisfy 13 yourself that it was accurate? 14 A. I don't – I don't recall, you know, 15 for every single – we're talking 2016, there 16 would have been three years, 2016 to '17, '18. 17 I don't – we're – we're going back 18 five years-plus. I don't – you know, I don't 19 recall. 20 Q. Did you have a practice that you 21 employed to make sure that you were satisfied 22 that Highland's audit reports were true and 23 accurate to the best of your knowledge? 24 A. I mean, our – the practice was set
1 WATERHOUSE - 10-19-21 2 ran the audit all report to you, directly or 3 indirectly? 4 A. Yes. 5 Q. And did you have any responsibility 6 for making sure that the audit report was 7 accurate before it was finalized? 8 A. Yeah. I mean, you know, that — 9 that is — my responsibility to the auditors 10 was — again, is — and the CFO is to — we are 11 providing accurate financial statements; right? 12 And — and — and as part of any 13 audit, we disclose all relevant information as 14 part of any audit. 15 Q. Okay. And as the CFO, did you take 16 steps to make sure that the audit report was 17 accurate? 18 A. I mean, I would say in a general 19 sense, yes. But, again, I mean, I had a 20 very — I had a very capable and competent 21 team. I wasn't managing them. 22 You know, part of what I do is I let 23 the team — I want managers to grow. I want	If you – if you talk to my team members, I'm not micromanaging people. I want people to learn and grow in their function so they can go on and do bigger and better things with their careers. And so, yes, generally I was responsible for it, but I wanted the team to learn and grow and be responsible for the bulk of the audit. Q. Did you personally review each audit report before it was finalized to satisfy yourself that it was accurate? A. I don't – I don't recall, you know, for every single – we're talking 2016, there would have been three years, 2016 to '17, '18. I don't – we're – we're going back five years-plus. I don't – you know, I don't recall. Q. Did you have a practice that you employed to make sure that you were satisfied that Highland's audit reports were true and accurate to the best of your knowledge?

1	Page 90 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 91
l	together accurate audited or accurate financial	2	reporting and disclosures of loans to	
1	statements is to your control environment.	3	affiliates and Mr. Dondero?	
4	So, you know, the – so the practice	4	MS. DANDENEAU: Objection to form.	
l	was to maintain a stable control environment	5	A. I don't – I don't recall –	
l	was to maintain a stable control environment which then the output is – is accurate	6	Q. So you don't recall –	
1	financial statements.	7	A. – the –	
l				
8	So – so, you know, if I was	8	MS. DANDENEAU: Mr. Morris -	
1	comfortable that the control environment was	9	A. I don't recall being uncomfortable.	
1	operating, then, you know, that would dictate	10	But, again, we're going back several years. I	
1	how I would – you know, what I might or might	11	don't – you know, the practice in an audit is	
1	not do in a given year.	12	to disclose all information to the auditors.	
13	Q. Okay. Do you recall ever being	13	And I don't – I don't recall.	
1	uncomfortable with the control environment	14	Q. As part of the process of the audit,	
1	during the period that you served as CFO?	15	did you sign what is sometimes referred to as a	
16	A. Yeah. I mean, look, yes, there are	16	management representation letter?	
	times – you know, nothing is perfect. So	17	A. Yes.	
1	there were – there were times when, yes, you	18	MR. MORRIS: Can we put up on the	
1	know – there are times I learned I was	19	screen a document that we have premarked as	
1	uncomfortable with the control environment, and	20	Exhibit 33.	
1	that is part of the management of the process	21	(Exhibit 33 marked.)	
	and having, you know – and – and working	22	MS. DANDENEAU: Mr. Morris, that is	
23	through whatever obstacles present themselves.	23	not in the binder; correct?	
24	Q. Okay. Were you ever uncomfortable	24	MR. MORRIS: Correct.	
25	with the control process as it related to	25	Q. So you will see, Mr. Waterhouse,	
1	Page 92 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 93
l '	this is a letter dated June 3rd. And if we	2	materiality?	
l		3	A. Yes.	
3 4	could go to the signature page.	ا		
1		1	And for purposes of the guidit did	
	And do you see that you and	4	Q. And for purposes of the audit, did	
1	Mr. Dondero signed this document?	5	PwC set the level of materiality each year?	
6	Mr. Dondero signed this document? A. Yes.	5 6	PwC set the level of materiality each year? A. Yes.	
6 7	Mr. Dondero signed this document? A. Yes. Q. That is your signature; right?	5 6 7	PwC set the level of materiality each year? A. Yes. Q. Did that number change over time?	
6 7 8	Mr. Dondero signed this document? A. Yes. Q. That is your signature; right? A. Yes.	5 6 7 8	PwC set the level of materiality each year? A. Yes. Q. Did that number change over time? A. I'm not aware of what materiality is	
6 7 8 9	Mr. Dondero signed this document? A. Yes. Q. That is your signature; right? A. Yes. MR. MORRIS: Okay. Can you go back	5 6 7 8 9	PwC set the level of materiality each year? A. Yes. Q. Did that number change over time? A. I'm not aware of what materiality is every single year, so – but, you know, this	
6 7 8 9 10	Mr. Dondero signed this document? A. Yes. Q. That is your signature; right? A. Yes. MR. MORRIS: Okay. Can you go back to the top.	5 6 7 8 9 10	PwC set the level of materiality each year? A. Yes. Q. Did that number change over time? A. I'm not aware of what materiality is every single year, so – but, you know, this number would likely fluctuate.	
6 7 8 9 10 11	Mr. Dondero signed this document? A. Yes. Q. That is your signature; right? A. Yes. MR. MORRIS: Okay. Can you go back to the top. MS. DANDENEAU: Mr. Morris, can you	5 6 7 8 9 10 11	PwC set the level of materiality each year? A. Yes. Q. Did that number change over time? A. I'm not aware of what materiality is every single year, so – but, you know, this number would likely fluctuate. Q. Okay. I'm going to go back to a	
6 7 8 9 10 11 12	Mr. Dondero signed this document? A. Yes. Q. That is your signature; right? A. Yes. MR. MORRIS: Okay. Can you go back to the top. MS. DANDENEAU: Mr. Morris, can you have somebody post this in the chat so that	5 6 7 8 9 10 11 12	PwC set the level of materiality each year? A. Yes. Q. Did that number change over time? A. I'm not aware of what materiality is every single year, so – but, you know, this number would likely fluctuate. Q. Okay. I'm going to go back to a question I asked you earlier today. And that	
6 7 8 9 10 11 12 13	Mr. Dondero signed this document? A. Yes. Q. That is your signature; right? A. Yes. MR. MORRIS: Okay. Can you go back to the top. MS. DANDENEAU: Mr. Morris, can you have somebody post this in the chat so that we have can have a copy of this, please.	5 6 7 8 9 10 11 12 13	PwC set the level of materiality each year? A. Yes. Q. Did that number change over time? A. I'm not aware of what materiality is every single year, so – but, you know, this number would likely fluctuate. Q. Okay. I'm going to go back to a question I asked you earlier today. And that is in connection – this letter is issued in	
6 7 8 9 10 11 12 13 14	Mr. Dondero signed this document? A. Yes. Q. That is your signature; right? A. Yes. MR. MORRIS: Okay. Can you go back to the top. MS. DANDENEAU: Mr. Morris, can you have somebody post this in the chat so that we have can have a copy of this, please. MR. MORRIS: Yeah, sure. Asia, can	5 6 7 8 9 10 11 12 13 14	PwC set the level of materiality each year? A. Yes. Q. Did that number change over time? A. I'm not aware of what materiality is every single year, so – but, you know, this number would likely fluctuate. Q. Okay. I'm going to go back to a question I asked you earlier today. And that is in connection – this letter is issued in connection with the audit for the period ending	
6 7 8 9 10 11 12 13 14 15	Mr. Dondero signed this document? A. Yes. Q. That is your signature; right? A. Yes. MR. MORRIS: Okay. Can you go back to the top. MS. DANDENEAU: Mr. Morris, can you have somebody post this in the chat so that we have can have a copy of this, please. MR. MORRIS: Yeah, sure. Asia, can you do that, please.	5 6 7 8 9 10 11 12 13 14 15	PwC set the level of materiality each year? A. Yes. Q. Did that number change over time? A. I'm not aware of what materiality is every single year, so – but, you know, this number would likely fluctuate. Q. Okay. I'm going to go back to a question I asked you earlier today. And that is in connection – this letter is issued in connection with the audit for the period ending 12/31/2018; correct?	
6 7 8 9 10 11 12 13 14 15 16	Mr. Dondero signed this document? A. Yes. Q. That is your signature; right? A. Yes. MR. MORRIS: Okay. Can you go back to the top. MS. DANDENEAU: Mr. Morris, can you have somebody post this in the chat so that we have can have a copy of this, please. MR. MORRIS: Yeah, sure. Asia, can you do that, please. Q. Okay. Do you see at the bottom of	5 6 7 8 9 10 11 12 13 14 15 16	PwC set the level of materiality each year? A. Yes. Q. Did that number change over time? A. I'm not aware of what materiality is every single year, so – but, you know, this number would likely fluctuate. Q. Okay. I'm going to go back to a question I asked you earlier today. And that is in connection – this letter is issued in connection with the audit for the period ending 12/31/2018; correct? A. Yes.	
6 7 8 9 10 11 12 13 14 15 16 17	Mr. Dondero signed this document? A. Yes. Q. That is your signature; right? A. Yes. MR. MORRIS: Okay. Can you go back to the top. MS. DANDENEAU: Mr. Morris, can you have somebody post this in the chat so that we have can have a copy of this, please. MR. MORRIS: Yeah, sure. Asia, can you do that, please. Q. Okay. Do you see at the bottom of the second paragraph there is a reference to	5 6 7 8 9 10 11 12 13 14 15 16 17	PwC set the level of materiality each year? A. Yes. Q. Did that number change over time? A. I'm not aware of what materiality is every single year, so – but, you know, this number would likely fluctuate. Q. Okay. I'm going to go back to a question I asked you earlier today. And that is in connection – this letter is issued in connection with the audit for the period ending 12/31/2018; correct? A. Yes. Q. Okay. And is it fair to say that if	
6 7 8 9 10 11 12 13 14 15 16 17	Mr. Dondero signed this document? A. Yes. Q. That is your signature; right? A. Yes. MR. MORRIS: Okay. Can you go back to the top. MS. DANDENEAU: Mr. Morris, can you have somebody post this in the chat so that we have can have a copy of this, please. MR. MORRIS: Yeah, sure. Asia, can you do that, please. Q. Okay. Do you see at the bottom of the second paragraph there is a reference to materiality?	5 6 7 8 9 10 11 12 13 14 15 16 17 18	PwC set the level of materiality each year? A. Yes. Q. Did that number change over time? A. I'm not aware of what materiality is every single year, so – but, you know, this number would likely fluctuate. Q. Okay. I'm going to go back to a question I asked you earlier today. And that is in connection – this letter is issued in connection with the audit for the period ending 12/31/2018; correct? A. Yes. Q. Okay. And is it fair to say that if any – actually, withdrawn. I'm going to take	
6 7 8 9 10 11 12 13 14 15 16 17 18	Mr. Dondero signed this document? A. Yes. Q. That is your signature; right? A. Yes. MR. MORRIS: Okay. Can you go back to the top. MS. DANDENEAU: Mr. Morris, can you have somebody post this in the chat so that we have can have a copy of this, please. MR. MORRIS: Yeah, sure. Asia, can you do that, please. Q. Okay. Do you see at the bottom of the second paragraph there is a reference to materiality? A. Yes.	5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	PwC set the level of materiality each year? A. Yes. Q. Did that number change over time? A. I'm not aware of what materiality is every single year, so – but, you know, this number would likely fluctuate. Q. Okay. I'm going to go back to a question I asked you earlier today. And that is in connection – this letter is issued in connection with the audit for the period ending 12/31/2018; correct? A. Yes. Q. Okay. And is it fair to say that if any – actually, withdrawn. I'm going to take it outside of this.	
6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Mr. Dondero signed this document? A. Yes. Q. That is your signature; right? A. Yes. MR. MORRIS: Okay. Can you go back to the top. MS. DANDENEAU: Mr. Morris, can you have somebody post this in the chat so that we have can have a copy of this, please. MR. MORRIS: Yeah, sure. Asia, can you do that, please. Q. Okay. Do you see at the bottom of the second paragraph there is a reference to materiality? A. Yes. Q. Okay. It says, Materiality used for	5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	PwC set the level of materiality each year? A. Yes. Q. Did that number change over time? A. I'm not aware of what materiality is every single year, so – but, you know, this number would likely fluctuate. Q. Okay. I'm going to go back to a question I asked you earlier today. And that is in connection – this letter is issued in connection with the audit for the period ending 12/31/2018; correct? A. Yes. Q. Okay. And is it fair to say that if any – actually, withdrawn. I'm going to take it outside of this. If Highland ever forgave the loan to	
6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Mr. Dondero signed this document? A. Yes. Q. That is your signature; right? A. Yes. MR. MORRIS: Okay. Can you go back to the top. MS. DANDENEAU: Mr. Morris, can you have somebody post this in the chat so that we have can have a copy of this, please. MR. MORRIS: Yeah, sure. Asia, can you do that, please. Q. Okay. Do you see at the bottom of the second paragraph there is a reference to materiality? A. Yes. Q. Okay. It says, Materiality used for purposes of these representations is	5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	PwC set the level of materiality each year? A. Yes. Q. Did that number change over time? A. I'm not aware of what materiality is every single year, so – but, you know, this number would likely fluctuate. Q. Okay. I'm going to go back to a question I asked you earlier today. And that is in connection – this letter is issued in connection with the audit for the period ending 12/31/2018; correct? A. Yes. Q. Okay. And is it fair to say that if any – actually, withdrawn. I'm going to take it outside of this. If Highland ever forgave the loan to any affiliate or any of its officers or	
6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Mr. Dondero signed this document? A. Yes. Q. That is your signature; right? A. Yes. MR. MORRIS: Okay. Can you go back to the top. MS. DANDENEAU: Mr. Morris, can you have somebody post this in the chat so that we have can have a copy of this, please. MR. MORRIS: Yeah, sure. Asia, can you do that, please. Q. Okay. Do you see at the bottom of the second paragraph there is a reference to materiality? A. Yes. Q. Okay. It says, Materiality used for purposes of these representations is \$1.7 million.	5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	PwC set the level of materiality each year? A. Yes. Q. Did that number change over time? A. I'm not aware of what materiality is every single year, so – but, you know, this number would likely fluctuate. Q. Okay. I'm going to go back to a question I asked you earlier today. And that is in connection – this letter is issued in connection with the audit for the period ending 12/31/2018; correct? A. Yes. Q. Okay. And is it fair to say that if any – actually, withdrawn. I'm going to take it outside of this. If Highland ever forgave the loan to any affiliate or any of its officers or employees, in whole or in part, to the best of	
6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Mr. Dondero signed this document? A. Yes. Q. That is your signature; right? A. Yes. MR. MORRIS: Okay. Can you go back to the top. MS. DANDENEAU: Mr. Morris, can you have somebody post this in the chat so that we have can have a copy of this, please. MR. MORRIS: Yeah, sure. Asia, can you do that, please. Q. Okay. Do you see at the bottom of the second paragraph there is a reference to materiality? A. Yes. Q. Okay. It says, Materiality used for purposes of these representations is \$1.7 million. Do you see that?	5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	PwC set the level of materiality each year? A. Yes. Q. Did that number change over time? A. I'm not aware of what materiality is every single year, so – but, you know, this number would likely fluctuate. Q. Okay. I'm going to go back to a question I asked you earlier today. And that is in connection – this letter is issued in connection with the audit for the period ending 12/31/2018; correct? A. Yes. Q. Okay. And is it fair to say that if any – actually, withdrawn. I'm going to take it outside of this. If Highland ever forgave the loan to any affiliate or any of its officers or employees, in whole or in part, to the best of your knowledge, would that forgiveness have	
6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Mr. Dondero signed this document? A. Yes. Q. That is your signature; right? A. Yes. MR. MORRIS: Okay. Can you go back to the top. MS. DANDENEAU: Mr. Morris, can you have somebody post this in the chat so that we have can have a copy of this, please. MR. MORRIS: Yeah, sure. Asia, can you do that, please. Q. Okay. Do you see at the bottom of the second paragraph there is a reference to materiality? A. Yes. Q. Okay. It says, Materiality used for purposes of these representations is \$1.7 million.	5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	PwC set the level of materiality each year? A. Yes. Q. Did that number change over time? A. I'm not aware of what materiality is every single year, so – but, you know, this number would likely fluctuate. Q. Okay. I'm going to go back to a question I asked you earlier today. And that is in connection – this letter is issued in connection with the audit for the period ending 12/31/2018; correct? A. Yes. Q. Okay. And is it fair to say that if any – actually, withdrawn. I'm going to take it outside of this. If Highland ever forgave the loan to any affiliate or any of its officers or employees, in whole or in part, to the best of	

	Page 94			Page 95
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	9
2	materiality that PwC established?	2	signed as well. I don't - I don't recall.	
3	MS. DANDENEAU: Objection to form.	3	Q. But to the best of your knowledge,	
4	A. So, again, during my tenure as CFO,	4	you, personally, signed a management	
5	and - Highland - it was - it is required to	5	representation letter in connection with	
6	disclose any affiliate loans that are in excess	6	Highland's audit each year that you served as	
7	of materiality.	7	the CFO; correct?	
8	Now, the forgiveness of those loans	8	A. I would say generally speaking,	
9	may or may not - I mean, since materiality	9	Mr. Morris. I don't recall for every single	
10	fluctuates every year, a – you know, if a loan	10	year, you know, generally, but I would want to	
11	was forgiven, it may or may not, you know –	11	refer to all the rep letters and see who signed	
12	and, look, I would want to consult the guidance	12	them.	
13	around this.	13	Q. Do you recall Highland having its	
14	It is not something we do you	14	financial statements audited in any year during	
15	know, it is not you know, GAAP can be and	15	the period that you were a CFO where you didn't	
16	disclosures can be very specialized so, again,	16	sign the management representation letter?	
17	we want to consult the guidance. But we would	17	A. I don't recall. But, John, we're	
18	see if and what would need to be disclosed if	18	going back five, six, seven, eight, nine,	
19	it were deemed immaterial.	19	decade. I don't – I don't remember.	
20	Q. Did you and Mr. Dondero sign	20	Q. I don't want to go back that many	
21	management representation letters of this type	21	decades, but I'm just asking you if you recall	
22	in each year in which you served as Highland's	22	that there was you didn't sign it?	
23	CFO?	23	A. I – I – I don't, but my memory	
24	A. I-I-I will speak for myself.	24	is – again, I – I – I can't tell you what I	
25	I signed them. There may have been others that	25	did in 2012. I mean, I think generally, yes,	
<u> </u>	D 00			
ı	Page 96			Page 97
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 97
1 2	WATERHOUSE - 10-19-21 but I don't - I don't know for sure, and I	1 2	WATERHOUSE - 10-19-21 management to sign management representation	Page 97
۱.	WATERHOUSE - 10-19-21 but I don't – I don't know for sure, and I would want to rely on the document.	_	management to sign management representation letters?	Page 97
2	WATERHOUSE - 10-19-21 but I don't – I don't know for sure, and I would want to rely on the document. Q. Let me ask the question a little bit	2	management to sign management representation	Page 97
2	WATERHOUSE - 10-19-21 but I don't – I don't know for sure, and I would want to rely on the document. Q. Let me ask the question a little bit differently then.	2	management to sign management representation letters? MS. DEITSCH-PEREZ: Object to the form.	Page 97
2 3 4 5 6	WATERHOUSE - 10-19-21 but I don't – I don't know for sure, and I would want to rely on the document. Q. Let me ask the question a little bit differently then. Do you have any reason to believe	2 3 4	management to sign management representation letters? MS. DEITSCH-PEREZ: Object to the form. A. I don't know why PwC's – what PwC's	Page 97
2 3 4 5 6	WATERHOUSE - 10-19-21 but I don't – I don't know for sure, and I would want to rely on the document. Q. Let me ask the question a little bit differently then.	2 3 4 5	management to sign management representation letters? MS. DEITSCH-PEREZ: Object to the form.	Page 97
2 3 4 5 6	WATERHOUSE - 10-19-21 but I don't – I don't know for sure, and I would want to rely on the document. Q. Let me ask the question a little bit differently then. Do you have any reason to believe that Highland had its annual financial audit and you did not sign a management	2 3 4 5	management to sign management representation letters? MS. DEITSCH-PEREZ: Object to the form. A. I don't know why PwC's – what PwC's	Page 97
2 3 4 5 6 7	WATERHOUSE - 10-19-21 but I don't – I don't know for sure, and I would want to rely on the document. Q. Let me ask the question a little bit differently then. Do you have any reason to believe that Highland had its annual financial audit	2 3 4 5 6 7	management to sign management representation letters? MS. DEITSCH-PEREZ: Object to the form. A. I don't know why PwC's – what PwC's specific practice is. I know generally what	Page 97
2 3 4 5 6 7 8	WATERHOUSE - 10-19-21 but I don't – I don't know for sure, and I would want to rely on the document. Q. Let me ask the question a little bit differently then. Do you have any reason to believe that Highland had its annual financial audit and you did not sign a management	2 3 4 5 6 7 8	management to sign management representation letters? MS. DEITSCH-PEREZ: Object to the form. A. I don't know why PwC's – what PwC's specific practice is. I know generally what management representation letters are.	Page 97
2 3 4 5 6 7 8 9 10	WATERHOUSE - 10-19-21 but I don't – I don't know for sure, and I would want to rely on the document. Q. Let me ask the question a little bit differently then. Do you have any reason to believe that Highland had its annual financial audit and you did not sign a management representation letter in connection with that audit? MS. DANDENEAU: Objection to form.	2 3 4 5 6 7 8 9	management to sign management representation letters? MS. DEITSCH-PEREZ: Object to the form. A. I don't know why PwC's – what PwC's specific practice is. I know generally what management representation letters are. Q. Okay. Do you personally – I'm not asking about PwC. I'm asking for you – I'm asking about you, do you have an understanding	Page 97
2 3 4 5 6 7 8 9 10	WATERHOUSE - 10-19-21 but I don't – I don't know for sure, and I would want to rely on the document. Q. Let me ask the question a little bit differently then. Do you have any reason to believe that Highland had its annual financial audit and you did not sign a management representation letter in connection with that audit?	2 3 4 5 6 7 8 9	management to sign management representation letters? MS. DEITSCH-PEREZ: Object to the form. A. I don't know why PwC's – what PwC's specific practice is. I know generally what management representation letters are. Q. Okay. Do you personally – I'm not asking about PwC. I'm asking for you – I'm asking about you, do you have an understanding as to why the auditor asks for management	Page 97
2 3 4 5 6 7 8 9 10	WATERHOUSE - 10-19-21 but I don't – I don't know for sure, and I would want to rely on the document. Q. Let me ask the question a little bit differently then. Do you have any reason to believe that Highland had its annual financial audit and you did not sign a management representation letter in connection with that audit? MS. DANDENEAU: Objection to form. A. I don't believe it would, but, again, I would want to – I don't recall and I	2 3 4 5 6 7 8 9 10	management to sign management representation letters? MS. DEITSCH-PEREZ: Object to the form. A. I don't know why PwC's – what PwC's specific practice is. I know generally what management representation letters are. Q. Okay. Do you personally – I'm not asking about PwC. I'm asking for you – I'm asking about you, do you have an understanding as to why the auditor asks for management representation letters?	Page 97
2 3 4 5 6 7 8 9 10 11 12	WATERHOUSE - 10-19-21 but I don't – I don't know for sure, and I would want to rely on the document. Q. Let me ask the question a little bit differently then. Do you have any reason to believe that Highland had its annual financial audit and you did not sign a management representation letter in connection with that audit? MS. DANDENEAU: Objection to form. A. I don't believe it would, but,	2 3 4 5 6 7 8 9 10 11 12	management to sign management representation letters? MS. DEITSCH-PEREZ: Object to the form. A. I don't know why PwC's – what PwC's specific practice is. I know generally what management representation letters are. Q. Okay. Do you personally – I'm not asking about PwC. I'm asking for you – I'm asking about you, do you have an understanding as to why the auditor asks for management representation letters? A. Okay. So you're asking me in my	Page 97
2 3 4 5 6 7 8 9 10 11 12 13	WATERHOUSE - 10-19-21 but I don't – I don't know for sure, and I would want to rely on the document. Q. Let me ask the question a little bit differently then. Do you have any reason to believe that Highland had its annual financial audit and you did not sign a management representation letter in connection with that audit? MS. DANDENEAU: Objection to form. A. I don't believe it would, but, again, I would want to – I don't recall and I	2 3 4 5 6 7 8 9 10 11 12 13	management to sign management representation letters? MS. DEITSCH-PEREZ: Object to the form. A. I don't know why PwC's – what PwC's specific practice is. I know generally what management representation letters are. Q. Okay. Do you personally – I'm not asking about PwC. I'm asking for you – I'm asking about you, do you have an understanding as to why the auditor asks for management representation letters? A. Okay. So you're asking me in my personal capacity, yes, I have a general	Page 97
2 3 4 5 6 7 8 9 10 11 12 13 14	WATERHOUSE - 10-19-21 but I don't – I don't know for sure, and I would want to rely on the document. Q. Let me ask the question a little bit differently then. Do you have any reason to believe that Highland had its annual financial audit and you did not sign a management representation letter in connection with that audit? MS. DANDENEAU: Objection to form. A. I don't believe it would, but, again, I would want to – I don't recall and I would want to confirm it to – to make, you	2 3 4 5 6 7 8 9 10 11 12 13 14	management to sign management representation letters? MS. DEITSCH-PEREZ: Object to the form. A. I don't know why PwC's – what PwC's specific practice is. I know generally what management representation letters are. Q. Okay. Do you personally – I'm not asking about PwC. I'm asking for you – I'm asking about you, do you have an understanding as to why the auditor asks for management representation letters? A. Okay. So you're asking me in my personal capacity, yes, I have a general understanding of why.	Page 97
2 3 4 5 6 7 8 9 10 11 12 13 14 15	WATERHOUSE - 10-19-21 but I don't – I don't know for sure, and I would want to rely on the document. Q. Let me ask the question a little bit differently then. Do you have any reason to believe that Highland had its annual financial audit and you did not sign a management representation letter in connection with that audit? MS. DANDENEAU: Objection to form. A. I don't believe it would, but, again, I would want to – I don't recall and I would want to confirm it to – to make, you know, an affirmative – to give an affirmative	2 3 4 5 6 7 8 9 10 11 12 13 14 15	management to sign management representation letters? MS. DEITSCH-PEREZ: Object to the form. A. I don't know why PwC's – what PwC's specific practice is. I know generally what management representation letters are. Q. Okay. Do you personally – I'm not asking about PwC. I'm asking for you – I'm asking about you, do you have an understanding as to why the auditor asks for management representation letters? A. Okay. So you're asking me in my personal capacity, yes, I have a general	Page 97
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	WATERHOUSE - 10-19-21 but I don't – I don't know for sure, and I would want to rely on the document. Q. Let me ask the question a little bit differently then. Do you have any reason to believe that Highland had its annual financial audit and you did not sign a management representation letter in connection with that audit? MS. DANDENEAU: Objection to form. A. I don't believe it would, but, again, I would want to – I don't recall and I would want to confirm it to – to make, you know, an affirmative – to give an affirmative answer.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	management to sign management representation letters? MS. DEITSCH-PEREZ: Object to the form. A. I don't know why PwC's – what PwC's specific practice is. I know generally what management representation letters are. Q. Okay. Do you personally – I'm not asking about PwC. I'm asking for you – I'm asking about you, do you have an understanding as to why the auditor asks for management representation letters? A. Okay. So you're asking me in my personal capacity, yes, I have a general understanding of why.	Page 97
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	WATERHOUSE - 10-19-21 but I don't – I don't know for sure, and I would want to rely on the document. Q. Let me ask the question a little bit differently then. Do you have any reason to believe that Highland had its annual financial audit and you did not sign a management representation letter in connection with that audit? MS. DANDENEAU: Objection to form. A. I don't believe it would, but, again, I would want to – I don't recall and I would want to confirm it to – to make, you know, an affirmative – to give an affirmative answer. Q. Do you know whether PwC required	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	management to sign management representation letters? MS. DEITSCH-PEREZ: Object to the form. A. I don't know why PwC's – what PwC's specific practice is. I know generally what management representation letters are. Q. Okay. Do you personally – I'm not asking about PwC. I'm asking for you – I'm asking about you, do you have an understanding as to why the auditor asks for management representation letters? A. Okay. So you're asking me in my personal capacity, yes, I have a general understanding of why. Q. Can you give me the general	Page 97
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	WATERHOUSE - 10-19-21 but I don't – I don't know for sure, and I would want to rely on the document. Q. Let me ask the question a little bit differently then. Do you have any reason to believe that Highland had its annual financial audit and you did not sign a management representation letter in connection with that audit? MS. DANDENEAU: Objection to form. A. I don't believe it would, but, again, I would want to – I don't recall and I would want to confirm it to – to make, you know, an affirmative – to give an affirmative answer. Q. Do you know whether PwC required management to sign management representation	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	management to sign management representation letters? MS. DEITSCH-PEREZ: Object to the form. A. I don't know why PwC's – what PwC's specific practice is. I know generally what management representation letters are. Q. Okay. Do you personally – I'm not asking about PwC. I'm asking for you – I'm asking about you, do you have an understanding as to why the auditor asks for management representation letters? A. Okay. So you're asking me in my personal capacity, yes, I have a general understanding of why. Q. Can you give me the general understanding that you have as to why	Page 97
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	WATERHOUSE - 10-19-21 but I don't – I don't know for sure, and I would want to rely on the document. Q. Let me ask the question a little bit differently then. Do you have any reason to believe that Highland had its annual financial audit and you did not sign a management representation letter in connection with that audit? MS. DANDENEAU: Objection to form. A. I don't believe it would, but, again, I would want to – I don't recall and I would want to confirm it to – to make, you know, an affirmative – to give an affirmative answer. Q. Do you know whether PwC required management to sign management representation letters?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	management to sign management representation letters? MS. DEITSCH-PEREZ: Object to the form. A. I don't know why PwC's – what PwC's specific practice is. I know generally what management representation letters are. Q. Okay. Do you personally – I'm not asking about PwC. I'm asking for you – I'm asking about you, do you have an understanding as to why the auditor asks for management representation letters? A. Okay. So you're asking me in my personal capacity, yes, I have a general understanding of why. Q. Can you give me the general understanding that you have as to why management representation letters are required?	Page 97
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	WATERHOUSE - 10-19-21 but I don't – I don't know for sure, and I would want to rely on the document. Q. Let me ask the question a little bit differently then. Do you have any reason to believe that Highland had its annual financial audit and you did not sign a management representation letter in connection with that audit? MS. DANDENEAU: Objection to form. A. I don't believe it would, but, again, I would want to – I don't recall and I would want to confirm it to – to make, you know, an affirmative – to give an affirmative answer. Q. Do you know whether PwC required management to sign management representation letters? MS. DANDENEAU: Objection to form.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	management to sign management representation letters? MS. DEITSCH-PEREZ: Object to the form. A. I don't know why PwC's – what PwC's specific practice is. I know generally what management representation letters are. Q. Okay. Do you personally – I'm not asking about PwC. I'm asking for you – I'm asking about you, do you have an understanding as to why the auditor asks for management representation letters? A. Okay. So you're asking me in my personal capacity, yes, I have a general understanding of why. Q. Can you give me the general understanding that you have as to why management representation letters are required? A. They are – they are required to –	Page 97
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	WATERHOUSE - 10-19-21 but I don't – I don't know for sure, and I would want to rely on the document. Q. Let me ask the question a little bit differently then. Do you have any reason to believe that Highland had its annual financial audit and you did not sign a management representation letter in connection with that audit? MS. DANDENEAU: Objection to form. A. I don't believe it would, but, again, I would want to – I don't recall and I would want to confirm it to – to make, you know, an affirmative – to give an affirmative answer. Q. Do you know whether PwC required management to sign management representation letters? MS. DANDENEAU: Objection to form. A. Yes. I mean, it – management	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	management to sign management representation letters? MS. DEITSCH-PEREZ: Object to the form. A. I don't know why PwC's – what PwC's specific practice is. I know generally what management representation letters are. Q. Okay. Do you personally – I'm not asking about PwC. I'm asking for you – I'm asking about you, do you have an understanding as to why the auditor asks for management representation letters? A. Okay. So you're asking me in my personal capacity, yes, I have a general understanding of why. Q. Can you give me the general understanding that you have as to why management representation letters are required? A. They are – they are required to – they are – they are one of the items required	Page 97
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	WATERHOUSE - 10-19-21 but I don't — I don't know for sure, and I would want to rely on the document. Q. Let me ask the question a little bit differently then. Do you have any reason to believe that Highland had its annual financial audit and you did not sign a management representation letter in connection with that audit? MS. DANDENEAU: Objection to form. A. I don't believe it would, but, again, I would want to — I don't recall and I would want to confirm it to — to make, you know, an affirmative — to give an affirmative answer. Q. Do you know whether PwC required management to sign management representation letters? MS. DANDENEAU: Objection to form. A. Yes. I mean, it — management representation letters are signed by management. Q. Okay. And do you know — do you	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	management to sign management representation letters? MS. DEITSCH-PEREZ: Object to the form. A. I don't know why PwC's – what PwC's specific practice is. I know generally what management representation letters are. Q. Okay. Do you personally – I'm not asking about PwC. I'm asking for you – I'm asking about you, do you have an understanding as to why the auditor asks for management representation letters? A. Okay. So you're asking me in my personal capacity, yes, I have a general understanding of why. Q. Can you give me the general understanding that you have as to why management representation letters are required? A. They are – they are required to – they are – they are one of the items required in an audit to help verify completeness.	Page 97
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	WATERHOUSE - 10-19-21 but I don't – I don't know for sure, and I would want to rely on the document. Q. Let me ask the question a little bit differently then. Do you have any reason to believe that Highland had its annual financial audit and you did not sign a management representation letter in connection with that audit? MS. DANDENEAU: Objection to form. A. I don't believe it would, but, again, I would want to – I don't recall and I would want to confirm it to – to make, you know, an affirmative – to give an affirmative answer. Q. Do you know whether PwC required management to sign management representation letters? MS. DANDENEAU: Objection to form. A. Yes. I mean, it – management representation letters are signed by management.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	management to sign management representation letters? MS. DEITSCH-PEREZ: Object to the form. A. I don't know why PwC's – what PwC's specific practice is. I know generally what management representation letters are. Q. Okay. Do you personally – I'm not asking about PwC. I'm asking for you – I'm asking about you, do you have an understanding as to why the auditor asks for management representation letters? A. Okay. So you're asking me in my personal capacity, yes, I have a general understanding of why. Q. Can you give me the general understanding that you have as to why management representation letters are required? A. They are – they are required to – they are – they are one of the items required in an audit to help verify completeness. Q. Do you have any – any other	Page 97

Page 98 1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21	Page 99
2 A. That is – that is – other than	2 letter – representation letter, yes.	
3 what I said, it is – it is – it is required	3 Q. Okay. Did you discuss this letter	
4 so – to ensure that the – you know, there	4 with Mr. Dondero before you signed it?	
· ·		
5 is – there is completeness in what is being		
6 audited.	6 Q. Do you recall if Mr. Dondero asked	
7 Q. Did you – did you have a practice	7 you any questions before he signed the letter?	
8 whereby you and Mr. Dondero conferred about the	8 A. I don't recall.	
9 management representation letters before you	9 Q. Do you recall if you asked	
10 signed them?	10 Mr. Dondero any questions before you signed	
11 A. No.	11 this letter?	
12 Q. Did you have a practice –	12 A. I don't recall.	
13 withdrawn.	13 Q. Is it fair to say that Mr. Dondero	
Do you see just the next sentence	14 did not disclose to you the existence of the	
15 after the materiality, there is a sentence that	15 agreement that we have – as we've defined that	
16 states: We confirm, to the best of our	16 term prior to the time you signed this letter?	
17 knowledge and belief, as of June 3rd, 2019, the	17 MS. DANDENEAU: Objection to form.	
18 date of your report, the following	18 A. I don't think I understand the	
19 representations made to you during your audit.	19 question. So, again, you are saying, did	
20 Do you see that sentence?	20 Mr. Dondero not disclose to me the existence of	
21 A. Yes.	21 this letter?	
22 Q. Okay. Did you understand when you	22 Q. No, I apologize.	
23 signed this letter that you were confirming the	23 Did Mr. Dondero disclose to you the	
24 representations that followed?	24 existence of the agreement prior to the time	
25 A. When I signed this management	25 you signed this letter on June 3rd, 2019?	
Page 100	4	Page 101
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21	
2 A. The agreement – the agreement that	2 again, I mean, I haven't looked at ASC 850 in	
3 we talked about earlier?	3 quite some time, but, you know, if – if there	
4 Q. Correct.	4 is a control language, you know, ASC 850, would	
5 A. Look, as I said earlier, the first	5 that – that section in GAAP would – would	
6 time I heard of this agreement was sometime	6 pick up and define what are related parties.	
7 this year.	7 So, you know, like I said, if – one	
8 Q. Okay. Can we turn – let's just	8 of the four entities I just described, if if	
9 look at a couple of items on the list. If we	9 they are in that control definition of ASC 850,	
10 can go to page 33416. Do you see in Number 35	9 they are in that control definition of ASC 850,10 they would be picked up in 35D.	
 10 can go to page 33416. Do you see in Number 35 11 it talks about the proper recording or 	 9 they are in that control definition of ASC 850, 10 they would be picked up in 35D. 11 Q. Do you – do you have any reason to 	
 10 can go to page 33416. Do you see in Number 35 11 it talks about the proper recording or 12 disclosure in the financial statements of ND 	 9 they are in that control definition of ASC 850, 10 they would be picked up in 35D. 11 Q. Do you – do you have any reason to 12 believe that they would be picked up in that 	
 10 can go to page 33416. Do you see in Number 35 11 it talks about the proper recording or 12 disclosure in the financial statements of ND 13 relationships and transactions with related 	 9 they are in that control definition of ASC 850, 10 they would be picked up in 35D. 11 Q. Do you – do you have any reason to 12 believe that they would be picked up in that 13 definition, based on your knowledge and 	
10 can go to page 33416. Do you see in Number 35 11 it talks about the proper recording or 12 disclosure in the financial statements of ND 13 relationships and transactions with related 14 parties.	 9 they are in that control definition of ASC 850, 10 they would be picked up in 35D. 11 Q. Do you – do you have any reason to 12 believe that they would be picked up in that 13 definition, based on your knowledge and 14 experience? 	
 10 can go to page 33416. Do you see in Number 35 11 it talks about the proper recording or 12 disclosure in the financial statements of ND 13 relationships and transactions with related 14 parties. 15 Do you see that? 	 9 they are in that control definition of ASC 850, 10 they would be picked up in 35D. 11 Q. Do you – do you have any reason to 12 believe that they would be picked up in that 13 definition, based on your knowledge and 14 experience? 15 A. I – I believe that entities 	
10 can go to page 33416. Do you see in Number 35 11 it talks about the proper recording or 12 disclosure in the financial statements of ND 13 relationships and transactions with related 14 parties. 15 Do you see that? 16 A. I do.	 9 they are in that control definition of ASC 850, 10 they would be picked up in 35D. 11 Q. Do you – do you have any reason to 12 believe that they would be picked up in that 13 definition, based on your knowledge and 14 experience? 15 A. I – I believe that entities 16 controlled under GAAP are – are affiliates. 	
10 can go to page 33416. Do you see in Number 35 11 it talks about the proper recording or 12 disclosure in the financial statements of ND 13 relationships and transactions with related 14 parties. 15 Do you see that? 16 A. I do. 17 Q. As the CFO, do you have any	 9 they are in that control definition of ASC 850, 10 they would be picked up in 35D. 11 Q. Do you – do you have any reason to 12 believe that they would be picked up in that 13 definition, based on your knowledge and 14 experience? 15 A. I – I believe that entities 16 controlled under GAAP are – are affiliates. 17 Q. Okay. Would Mr. Dondero also 	
10 can go to page 33416. Do you see in Number 35 11 it talks about the proper recording or 12 disclosure in the financial statements of ND 13 relationships and transactions with related 14 parties. 15 Do you see that? 16 A. I do. 17 Q. As the CFO, do you have any 18 understanding as to whether Dugaboy is a	 9 they are in that control definition of ASC 850, 10 they would be picked up in 35D. 11 Q. Do you – do you have any reason to 12 believe that they would be picked up in that 13 definition, based on your knowledge and 14 experience? 15 A. I – I believe that entities 16 controlled under GAAP are – are affiliates. 17 Q. Okay. Would Mr. Dondero also 18 qualify as a related party for purposes of 	
10 can go to page 33416. Do you see in Number 35 11 it talks about the proper recording or 12 disclosure in the financial statements of ND 13 relationships and transactions with related 14 parties. 15 Do you see that? 16 A. I do. 17 Q. As the CFO, do you have any 18 understanding as to whether Dugaboy is a 19 related party?	 9 they are in that control definition of ASC 850, 10 they would be picked up in 35D. 11 Q. Do you – do you have any reason to 12 believe that they would be picked up in that 13 definition, based on your knowledge and 14 experience? 15 A. I – I believe that entities 16 controlled under GAAP are – are affiliates. 17 Q. Okay. Would Mr. Dondero also 18 qualify as a related party for purposes of 19 Section 35D, to the best of your knowledge? 	
10 can go to page 33416. Do you see in Number 35 11 it talks about the proper recording or 12 disclosure in the financial statements of ND 13 relationships and transactions with related 14 parties. 15 Do you see that? 16 A. I do. 17 Q. As the CFO, do you have any 18 understanding as to whether Dugaboy is a 19 related party? 20 A. I don't recall.	 9 they are in that control definition of ASC 850, 10 they would be picked up in 35D. 11 Q. Do you – do you have any reason to 12 believe that they would be picked up in that 13 definition, based on your knowledge and 14 experience? 15 A. I – I believe that entities 16 controlled under GAAP are – are affiliates. 17 Q. Okay. Would Mr. Dondero also 18 qualify as a related party for purposes of 19 Section 35D, to the best of your knowledge? 20 A. Yeah, I don't – I don't know. I 	
10 can go to page 33416. Do you see in Number 35 11 it talks about the proper recording or 12 disclosure in the financial statements of ND 13 relationships and transactions with related 14 parties. 15 Do you see that? 16 A. I do. 17 Q. As the CFO, do you have any 18 understanding as to whether Dugaboy is a 19 related party? 20 A. I don't recall. 21 Q. Do you know whether any of the	 9 they are in that control definition of ASC 850, 10 they would be picked up in 35D. 11 Q. Do you – do you have any reason to 12 believe that they would be picked up in that 13 definition, based on your knowledge and 14 experience? 15 A. I – I believe that entities 16 controlled under GAAP are – are affiliates. 17 Q. Okay. Would Mr. Dondero also 18 qualify as a related party for purposes of 19 Section 35D, to the best of your knowledge? 20 A. Yeah, I don't – I don't know. I 21 would think – I would have to read the code 	
10 can go to page 33416. Do you see in Number 35 11 it talks about the proper recording or 12 disclosure in the financial statements of ND 13 relationships and transactions with related 14 parties. 15 Do you see that? 16 A. I do. 17 Q. As the CFO, do you have any 18 understanding as to whether Dugaboy is a 19 related party? 20 A. I don't recall. 21 Q. Do you know whether any of the 22 affiliates are related parties?	 9 they are in that control definition of ASC 850, 10 they would be picked up in 35D. 11 Q. Do you – do you have any reason to 12 believe that they would be picked up in that 13 definition, based on your knowledge and 14 experience? 15 A. I – I believe that entities 16 controlled under GAAP are – are affiliates. 17 Q. Okay. Would Mr. Dondero also 18 qualify as a related party for purposes of 19 Section 35D, to the best of your knowledge? 20 A. Yeah, I don't – I don't know. I 21 would think – I would have to read the code 22 section to see if someone personally – is it 	
10 can go to page 33416. Do you see in Number 35 11 it talks about the proper recording or 12 disclosure in the financial statements of ND 13 relationships and transactions with related 14 parties. 15 Do you see that? 16 A. I do. 17 Q. As the CFO, do you have any 18 understanding as to whether Dugaboy is a 19 related party? 20 A. I don't recall. 21 Q. Do you know whether any of the 22 affiliates are related parties? 23 A. If — if it was NexPoint, HCMFA,	 9 they are in that control definition of ASC 850, 10 they would be picked up in 35D. 11 Q. Do you – do you have any reason to 12 believe that they would be picked up in that 13 definition, based on your knowledge and 14 experience? 15 A. I – I believe that entities 16 controlled under GAAP are – are affiliates. 17 Q. Okay. Would Mr. Dondero also 18 qualify as a related party for purposes of 19 Section 35D, to the best of your knowledge? 20 A. Yeah, I don't – I don't know. I 21 would think – I would have to read the code 22 section to see if someone personally – is it 23 talking about related parties. So, look, if 	
10 can go to page 33416. Do you see in Number 35 11 it talks about the proper recording or 12 disclosure in the financial statements of ND 13 relationships and transactions with related 14 parties. 15 Do you see that? 16 A. I do. 17 Q. As the CFO, do you have any 18 understanding as to whether Dugaboy is a 19 related party? 20 A. I don't recall. 21 Q. Do you know whether any of the 22 affiliates are related parties? 23 A. If – if it was NexPoint, HCMFA, 24 HCMS, HCRE, yeah, if – if that is the	 9 they are in that control definition of ASC 850, 10 they would be picked up in 35D. 11 Q. Do you – do you have any reason to 12 believe that they would be picked up in that 13 definition, based on your knowledge and 14 experience? 15 A. I – I believe that entities 16 controlled under GAAP are – are affiliates. 17 Q. Okay. Would Mr. Dondero also 18 qualify as a related party for purposes of 19 Section 35D, to the best of your knowledge? 20 A. Yeah, I don't – I don't know. I 21 would think – I would have to read the code 22 section to see if someone personally – is it 23 talking about related parties. So, look, if 24 your own in control, yeah, I mean, I would have 	
10 can go to page 33416. Do you see in Number 35 11 it talks about the proper recording or 12 disclosure in the financial statements of ND 13 relationships and transactions with related 14 parties. 15 Do you see that? 16 A. I do. 17 Q. As the CFO, do you have any 18 understanding as to whether Dugaboy is a 19 related party? 20 A. I don't recall. 21 Q. Do you know whether any of the 22 affiliates are related parties? 23 A. If — if it was NexPoint, HCMFA,	 9 they are in that control definition of ASC 850, 10 they would be picked up in 35D. 11 Q. Do you – do you have any reason to 12 believe that they would be picked up in that 13 definition, based on your knowledge and 14 experience? 15 A. I – I believe that entities 16 controlled under GAAP are – are affiliates. 17 Q. Okay. Would Mr. Dondero also 18 qualify as a related party for purposes of 19 Section 35D, to the best of your knowledge? 20 A. Yeah, I don't – I don't know. I 21 would think – I would have to read the code 22 section to see if someone personally – is it 23 talking about related parties. So, look, if 	

_				
1	Page 102 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 103
2	Q. To the best of your knowledge, was	2	June 3rd, 2019, did Highland disclose to PwC	
3	the existence of the agreement ever disclosed	3	the identity of the partnership's related	
4	to PwC?	4	parties and all the related party relationships	
5	A. I'm not – I'm not aware.	5	and transactions of which it was aware?	
6	Q. Do you recall if the agreement was	6	A. I mean, I can speak for myself as	
7	ever disclosed in Highland's audited financial	7	signer of this representation letter. I	
8	statements?	8	disclosed what – what, you know, what –	
9	A. I don't – I don't remember if it	9	what – what I knew. Sorry, look, yes, so I –	
10	was in every Highland's audited financial	10	I disclosed what I knew.	
11	statements during my tenure. We would have to	11	Q. Okay. Can we go to page 419. Do	
12	read the financial statements to see what was	12	you see at the end there is a reference to	
13	disclosed, but I'm not - I mean, as I sit here	13	events that occurred since the end of the	
14	today, I'm not aware.	14	fiscal year and the date of the letter?	
15	Q. That is all I'm asking for.	15	A. Yes.	
16	A. I'm not aware.	16	Q. And were you aware of that – of	
17	Q. Can we go to the next page, please,	17	that provision of the management representation	
18	and look at 36. 36 says, we have disclosed to	18	letter before you signed the document?	
19	you the identity of the partnership's related	19	A. Yes.	
20	party relationships and all the related party	20	Q. Do you have an understanding as to	
21	relationships and transactions of which we are	21	why PwC asked for that confirmation of that	
22	aware.	22	particular part of the management	
23	Do you see that?	23	representation letter?	
24	A. Yes.	24	A. It is – it is just – it	
25	Q. To the best of your knowledge, as of	25	is a typical audit request.	
			71	
	D 404			D 105
1	Page 104 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 105
1 2	WATERHOUSE - 10-19-21	1 2		Page 105
1	WATERHOUSE - 10-19-21 Q. And do you understand – do you have		Canty could please put that in the chat	Page 105
2	WATERHOUSE - 10-19-21	2	Canty could please put that in the chat room, that would be great.	Page 105
2 3	WATERHOUSE - 10-19-21 Q. And do you understand – do you have an understanding that PwC wanted to know that as of the date of the audit whether any	2	Canty could please put that in the chat room, that would be great. MR. MORRIS: I will assure you we	Page 105
2 3	WATERHOUSE - 10-19-21 Q. And do you understand – do you have an understanding that PwC wanted to know that as of the date of the audit whether any material changes had occurred since the end of	2 3 4	Canty could please put that in the chat room, that would be great. MR. MORRIS: I will assure you we will put every document in the chat room.	Page 105
2 3 4 5	WATERHOUSE - 10-19-21 Q. And do you understand – do you have an understanding that PwC wanted to know that as of the date of the audit whether any material changes had occurred since the end of the fiscal year, using the definition of	2 3 4 5 6	Canty could please put that in the chat room, that would be great. MR. MORRIS: I will assure you we will put every document in the chat room. Q. Now, I'm just going to ask you	Page 105
2 3 4 5	WATERHOUSE - 10-19-21 Q. And do you understand – do you have an understanding that PwC wanted to know that as of the date of the audit whether any material changes had occurred since the end of the fiscal year, using the definition of materiality that is in this particular	2 3 4 5 6	Canty could please put that in the chat room, that would be great. MR. MORRIS: I will assure you we will put every document in the chat room. Q. Now, I'm just going to ask you questions that are related to the provisions of	Page 105
2 3 4 5 6 7	WATERHOUSE - 10-19-21 Q. And do you understand – do you have an understanding that PwC wanted to know that as of the date of the audit whether any material changes had occurred since the end of the fiscal year, using the definition of	2 3 4 5 6 7	Canty could please put that in the chat room, that would be great. MR. MORRIS: I will assure you we will put every document in the chat room. Q. Now, I'm just going to ask you questions that are related to the provisions of this report that concern the affiliate loans,	Page 105
2 3 4 5 6 7 8	WATERHOUSE - 10-19-21 Q. And do you understand – do you have an understanding that PwC wanted to know that as of the date of the audit whether any material changes had occurred since the end of the fiscal year, using the definition of materiality that is in this particular management representation letter? A. It – it is – it is – it is a –	2 3 4 5 6 7 8	Canty could please put that in the chat room, that would be great. MR. MORRIS: I will assure you we will put every document in the chat room. Q. Now, I'm just going to ask you questions that are related to the provisions of this report that concern the affiliate loans, but again, Mr. Waterhouse, if there is any part	Page 105
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 Q. And do you understand – do you have an understanding that PwC wanted to know that as of the date of the audit whether any material changes had occurred since the end of the fiscal year, using the definition of materiality that is in this particular management representation letter?	2 3 4 5 6 7 8 9	Canty could please put that in the chat room, that would be great. MR. MORRIS: I will assure you we will put every document in the chat room. Q. Now, I'm just going to ask you questions that are related to the provisions of this report that concern the affiliate loans,	Page 105
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 Q. And do you understand – do you have an understanding that PwC wanted to know that as of the date of the audit whether any material changes had occurred since the end of the fiscal year, using the definition of materiality that is in this particular management representation letter? A. It – it is – it is – it is a – it is as described. It is just a poorly worded question, so it is hard for me to say yes.	2 3 4 5 6 7 8 9	Canty could please put that in the chat room, that would be great. MR. MORRIS: I will assure you we will put every document in the chat room. Q. Now, I'm just going to ask you questions that are related to the provisions of this report that concern the affiliate loans, but again, Mr. Waterhouse, if there is any part of the document that you need to see or that you think you might need to see in order to	Page 105
2 3 4 5 6 7 8 9 10	WATERHOUSE - 10-19-21 Q. And do you understand – do you have an understanding that PwC wanted to know that as of the date of the audit whether any material changes had occurred since the end of the fiscal year, using the definition of materiality that is in this particular management representation letter? A. It – it is – it is – it is a – it is as described. It is just a poorly worded	2 3 4 5 6 7 8 9 10	Canty could please put that in the chat room, that would be great. MR. MORRIS: I will assure you we will put every document in the chat room. Q. Now, I'm just going to ask you questions that are related to the provisions of this report that concern the affiliate loans, but again, Mr. Waterhouse, if there is any part of the document that you need to see or that	Page 105
2 3 4 5 6 7 8 9 10 11 12	WATERHOUSE - 10-19-21 Q. And do you understand — do you have an understanding that PwC wanted to know that as of the date of the audit whether any material changes had occurred since the end of the fiscal year, using the definition of materiality that is in this particular management representation letter? A. It — it is — it is — it is a — it is as described. It is just a poorly worded question, so it is hard for me to say yes. Q. If I asked you this, I apologize,	2 3 4 5 6 7 8 9 10 11 12	Canty could please put that in the chat room, that would be great. MR. MORRIS: I will assure you we will put every document in the chat room. Q. Now, I'm just going to ask you questions that are related to the provisions of this report that concern the affiliate loans, but again, Mr. Waterhouse, if there is any part of the document that you need to see or that you think you might need to see in order to refresh your recollection to answer any of my	Page 105
2 3 4 5 6 7 8 9 10 11 12 13	WATERHOUSE - 10-19-21 Q. And do you understand – do you have an understanding that PwC wanted to know that as of the date of the audit whether any material changes had occurred since the end of the fiscal year, using the definition of materiality that is in this particular management representation letter? A. It – it is – it is – it is a – it is as described. It is just a poorly worded question, so it is hard for me to say yes. Q. If I asked you this, I apologize, but did you ever learn when the agreement was	2 3 4 5 6 7 8 9 10 11 12 13	Canty could please put that in the chat room, that would be great. MR. MORRIS: I will assure you we will put every document in the chat room. Q. Now, I'm just going to ask you questions that are related to the provisions of this report that concern the affiliate loans, but again, Mr. Waterhouse, if there is any part of the document that you need to see or that you think you might need to see in order to refresh your recollection to answer any of my questions, will you let me know that?	Page 105
2 3 4 5 6 7 8 9 10 11 12 13 14	WATERHOUSE - 10-19-21 Q. And do you understand — do you have an understanding that PwC wanted to know that as of the date of the audit whether any material changes had occurred since the end of the fiscal year, using the definition of materiality that is in this particular management representation letter? A. It — it is — it is — it is a — it is as described. It is just a poorly worded question, so it is hard for me to say yes. Q. If I asked you this, I apologize, but did you ever learn when the agreement was entered into? A. I don't — I don't — like I said	2 3 4 5 6 7 8 9 10 11 12 13 14	Canty could please put that in the chat room, that would be great. MR. MORRIS: I will assure you we will put every document in the chat room. Q. Now, I'm just going to ask you questions that are related to the provisions of this report that concern the affiliate loans, but again, Mr. Waterhouse, if there is any part of the document that you need to see or that you think you might need to see in order to refresh your recollection to answer any of my questions, will you let me know that? A. Yes.	Page 105
2 3 4 5 6 7 8 9 10 11 12 13 14 15	WATERHOUSE - 10-19-21 Q. And do you understand – do you have an understanding that PwC wanted to know that as of the date of the audit whether any material changes had occurred since the end of the fiscal year, using the definition of materiality that is in this particular management representation letter? A. It – it is – it is – it is a – it is as described. It is just a poorly worded question, so it is hard for me to say yes. Q. If I asked you this, I apologize, but did you ever learn when the agreement was entered into?	2 3 4 5 6 7 8 9 10 11 12 13 14 15	Canty could please put that in the chat room, that would be great. MR. MORRIS: I will assure you we will put every document in the chat room. Q. Now, I'm just going to ask you questions that are related to the provisions of this report that concern the affiliate loans, but again, Mr. Waterhouse, if there is any part of the document that you need to see or that you think you might need to see in order to refresh your recollection to answer any of my questions, will you let me know that? A. Yes. Q. Because this is a pretty lengthy	Page 105
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	WATERHOUSE - 10-19-21 Q. And do you understand – do you have an understanding that PwC wanted to know that as of the date of the audit whether any material changes had occurred since the end of the fiscal year, using the definition of materiality that is in this particular management representation letter? A. It – it is – it is – it is a – it is as described. It is just a poorly worded question, so it is hard for me to say yes. Q. If I asked you this, I apologize, but did you ever learn when the agreement was entered into? A. I don't – I don't – like I said before, I don't know or have any details of the agreement.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	Canty could please put that in the chat room, that would be great. MR. MORRIS: I will assure you we will put every document in the chat room. Q. Now, I'm just going to ask you questions that are related to the provisions of this report that concern the affiliate loans, but again, Mr. Waterhouse, if there is any part of the document that you need to see or that you think you might need to see in order to refresh your recollection to answer any of my questions, will you let me know that? A. Yes. Q. Because this is a pretty lengthy document, but do you see that the cover page	Page 105
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	WATERHOUSE - 10-19-21 Q. And do you understand – do you have an understanding that PwC wanted to know that as of the date of the audit whether any material changes had occurred since the end of the fiscal year, using the definition of materiality that is in this particular management representation letter? A. It – it is – it is – it is a – it is as described. It is just a poorly worded question, so it is hard for me to say yes. Q. If I asked you this, I apologize, but did you ever learn when the agreement was entered into? A. I don't – I don't – like I said before, I don't know or have any details of the agreement.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Canty could please put that in the chat room, that would be great. MR. MORRIS: I will assure you we will put every document in the chat room. Q. Now, I'm just going to ask you questions that are related to the provisions of this report that concern the affiliate loans, but again, Mr. Waterhouse, if there is any part of the document that you need to see or that you think you might need to see in order to refresh your recollection to answer any of my questions, will you let me know that? A. Yes. Q. Because this is a pretty lengthy document, but do you see that the cover page here is the Highland consolidated financial	Page 105
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	WATERHOUSE - 10-19-21 Q. And do you understand — do you have an understanding that PwC wanted to know that as of the date of the audit whether any material changes had occurred since the end of the fiscal year, using the definition of materiality that is in this particular management representation letter? A. It — it is — it is — it is a — it is as described. It is just a poorly worded question, so it is hard for me to say yes. Q. If I asked you this, I apologize, but did you ever learn when the agreement was entered into? A. I don't — I don't — like I said before, I don't know or have any details of the agreement. Q. Okay. Did you ever ask anybody when	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Canty could please put that in the chat room, that would be great. MR. MORRIS: I will assure you we will put every document in the chat room. Q. Now, I'm just going to ask you questions that are related to the provisions of this report that concern the affiliate loans, but again, Mr. Waterhouse, if there is any part of the document that you need to see or that you think you might need to see in order to refresh your recollection to answer any of my questions, will you let me know that? A. Yes. Q. Because this is a pretty lengthy document, but do you see that the cover page here is the Highland consolidated financial statements for the period ending December 31st,	Page 105
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	WATERHOUSE - 10-19-21 Q. And do you understand – do you have an understanding that PwC wanted to know that as of the date of the audit whether any material changes had occurred since the end of the fiscal year, using the definition of materiality that is in this particular management representation letter? A. It – it is – it is – it is a – it is as described. It is just a poorly worded question, so it is hard for me to say yes. Q. If I asked you this, I apologize, but did you ever learn when the agreement was entered into? A. I don't – I don't – like I said before, I don't know or have any details of the agreement. Q. Okay. Did you ever ask anybody when the agreement was entered into?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	Canty could please put that in the chat room, that would be great. MR. MORRIS: I will assure you we will put every document in the chat room. Q. Now, I'm just going to ask you questions that are related to the provisions of this report that concern the affiliate loans, but again, Mr. Waterhouse, if there is any part of the document that you need to see or that you think you might need to see in order to refresh your recollection to answer any of my questions, will you let me know that? A. Yes. Q. Because this is a pretty lengthy document, but do you see that the cover page here is the Highland consolidated financial statements for the period ending December 31st, 2018? A. Yes.	Page 105
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	WATERHOUSE - 10-19-21 Q. And do you understand – do you have an understanding that PwC wanted to know that as of the date of the audit whether any material changes had occurred since the end of the fiscal year, using the definition of materiality that is in this particular management representation letter? A. It – it is – it is – it is a – it is as described. It is just a poorly worded question, so it is hard for me to say yes. Q. If I asked you this, I apologize, but did you ever learn when the agreement was entered into? A. I don't – I don't – like I said before, I don't know or have any details of the agreement. Q. Okay. Did you ever ask anybody when the agreement was entered into? A. I did not. Q. Let's look at the audited financial	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Canty could please put that in the chat room, that would be great. MR. MORRIS: I will assure you we will put every document in the chat room. Q. Now, I'm just going to ask you questions that are related to the provisions of this report that concern the affiliate loans, but again, Mr. Waterhouse, if there is any part of the document that you need to see or that you think you might need to see in order to refresh your recollection to answer any of my questions, will you let me know that? A. Yes. Q. Because this is a pretty lengthy document, but do you see that the cover page here is the Highland consolidated financial statements for the period ending December 31st, 2018? A. Yes. Q. If we can go to — I think it is the	Page 105
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	WATERHOUSE - 10-19-21 Q. And do you understand – do you have an understanding that PwC wanted to know that as of the date of the audit whether any material changes had occurred since the end of the fiscal year, using the definition of materiality that is in this particular management representation letter? A. It – it is – it is – it is a – it is as described. It is just a poorly worded question, so it is hard for me to say yes. Q. If I asked you this, I apologize, but did you ever learn when the agreement was entered into? A. I don't – I don't – like I said before, I don't know or have any details of the agreement. Q. Okay. Did you ever ask anybody when the agreement was entered into? A. I did not. Q. Let's look at the audited financial statements. We will put up on the screen a	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Canty could please put that in the chat room, that would be great. MR. MORRIS: I will assure you we will put every document in the chat room. Q. Now, I'm just going to ask you questions that are related to the provisions of this report that concern the affiliate loans, but again, Mr. Waterhouse, if there is any part of the document that you need to see or that you think you might need to see in order to refresh your recollection to answer any of my questions, will you let me know that? A. Yes. Q. Because this is a pretty lengthy document, but do you see that the cover page here is the Highland consolidated financial statements for the period ending December 31st, 2018? A. Yes. Q. If we can go to – I think it is the next one, looking for PwC's signature line.	Page 105
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	WATERHOUSE - 10-19-21 Q. And do you understand — do you have an understanding that PwC wanted to know that as of the date of the audit whether any material changes had occurred since the end of the fiscal year, using the definition of materiality that is in this particular management representation letter? A. It — it is — it is — it is a — it is as described. It is just a poorly worded question, so it is hard for me to say yes. Q. If I asked you this, I apologize, but did you ever learn when the agreement was entered into? A. I don't — I don't — like I said before, I don't know or have any details of the agreement. Q. Okay. Did you ever ask anybody when the agreement was entered into? A. I did not. Q. Let's look at the audited financial statements. We will put up on the screen a document that has been premarked as Exhibit 34.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Canty could please put that in the chat room, that would be great. MR. MORRIS: I will assure you we will put every document in the chat room. Q. Now, I'm just going to ask you questions that are related to the provisions of this report that concern the affiliate loans, but again, Mr. Waterhouse, if there is any part of the document that you need to see or that you think you might need to see in order to refresh your recollection to answer any of my questions, will you let me know that? A. Yes. Q. Because this is a pretty lengthy document, but do you see that the cover page here is the Highland consolidated financial statements for the period ending December 31st, 2018? A. Yes. Q. If we can go to – I think it is the next one, looking for PwC's signature line. MS. CANTY: I'm sorry, John, did you	Page 105
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	WATERHOUSE - 10-19-21 Q. And do you understand – do you have an understanding that PwC wanted to know that as of the date of the audit whether any material changes had occurred since the end of the fiscal year, using the definition of materiality that is in this particular management representation letter? A. It – it is – it is – it is a – it is as described. It is just a poorly worded question, so it is hard for me to say yes. Q. If I asked you this, I apologize, but did you ever learn when the agreement was entered into? A. I don't – I don't – like I said before, I don't know or have any details of the agreement. Q. Okay. Did you ever ask anybody when the agreement was entered into? A. I did not. Q. Let's look at the audited financial statements. We will put up on the screen a	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Canty could please put that in the chat room, that would be great. MR. MORRIS: I will assure you we will put every document in the chat room. Q. Now, I'm just going to ask you questions that are related to the provisions of this report that concern the affiliate loans, but again, Mr. Waterhouse, if there is any part of the document that you need to see or that you think you might need to see in order to refresh your recollection to answer any of my questions, will you let me know that? A. Yes. Q. Because this is a pretty lengthy document, but do you see that the cover page here is the Highland consolidated financial statements for the period ending December 31st, 2018? A. Yes. Q. If we can go to – I think it is the next one, looking for PwC's signature line.	Page 105

1	Page 106 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 107
2	page. I think it is 215. Yes, stop right	2	under the affiliate under the notes signed by	
3	there, just above – I'm sorry, I want to	3	the affiliates and Mr. Dondero?	
4	see just the date of the report.	4	MR. RUKAVINA: Objection to the	
5	Q. Okay. Do you see at the bottom of	5	extent that calls for a legal conclusion.	
6	that page there, Mr. Waterhouse,	6	A. I mean, I would want to see the	
7	PricewaterhouseCoopers has signed this audit	7	detail and the build to this \$173,398,000, but,	
8	report?	8	yes, I mean, if – if – given what we	
9	A. Yes, I see their signature.	9	discussed before, you know, it – it should	
10	Q. Okay. And it is the dated same day	10	capture that.	
11	as your management representation letter; is	11	Q. And – and while you were the CFO of	
12	that right?	12	Highland, were all notes held by Highland that	
13	A. It is – yes, it is the same day.	13	were issued by an affiliate or Mr. Dondero	
14	Q. Was that the practice to sign the	14	carried as assets on Highland's balance sheets?	
15	management representation letter on the same	15	MS. DANDENEAU: Objection to form.	
16	day that the audit report was signed?	16	MS. DEITSCH-PEREZ: Object to form.	
17	A. Yes, that is typical in every audit.	17	A. I don't – I don't know how else	
18	Q. Can we just scroll down to the	18	they would be carried.	
19	balance sheet on the next page.	19	Q. Okay. Can you think of any – are	
20	Do you see that there is a line	20	you aware of any promissory note issued by an	
21	there that says, Notes and Other Amounts Due	21	affiliate or Mr. Dondero that was not carried	
22	from Affiliates?	22	on Highland's audited financial balance sheets?	
23	A. Yes.	23	A. I'm – I'm – I'm not aware.	
24	Q. Does that line, to the best of your	24	Q. Okay. Are you aware of any category	
25	knowledge, include the amounts that were due	25	of asset on Highland's balance sheet in which	
				D 100
1	Page 108 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 109
2	any of the promissory notes issued by an	2	Now, does that mean absolute? I	
3	affiliate or Mr. Dondero would have been	3	don't know.	
4	included?	4	Q. Do you have any reason to believe	
5	MS. DANDENEAU: Objection to form.	5	that the promissory notes would have been	
6	A. Sorry, am I aware of any asset of an	6	carried on the balance sheet in a category	
7	affiliate being included –	7	other than Notes and Other Amounts Due from	
8	Q. That – let me – let me try again.	8	Affiliates?	
9	Do you see there is a number of	9	A. If they were deemed – no. If they	
10	different assets that are described on this	10	were deemed an affiliate, you know, under GAAP,	
11	balance sheet?	11	they should be carried in that line.	
12	A. Yes.	12	Otherwise, it would go into another line.	
13	Q. One of the assets that is described	13	Q. Okay. And do you see the total	
14	is Notes and Other Amounts Due from Affiliates;	14	asset base as of December 31st, 2018, was	
15	right?	15	approximately \$1.04 billion?	
16	A. Yes.	16	A. Yes.	
17	Q. And it is reasonable to conclude	17	Q. Is my math correct that the Notes	
18	that the notes from the affiliates and	18	and Other Amounts Due from Affiliates	
19	Mr. Dondero are included in that line item;	19	constituted approximately 17 percent of	
20	right?	20	Highland's assets as of the end of 2018?	
21	A. Yes, based on this description.	21	A. Well, so how are you defining	
22	Again, I would want to see a build of this to	22	Highland?	
23	100 percent confirm, but based on the	23	Q. Highland Capital Management, L.P.,	
1 0 4				
24	description, the asset description, it is – it is likely.	24 25	the entity that this audit is subject to or the subject of.	

1 WATERHOUSE - 10-19-21	Page 110	Page 111
2 A. On a consolidated or unconsolidated	2 Other Amounts Due from Affiliates?	
3 basis?	3 A. Sorry, I can't see the – the –	
4 Q. I'm looking at the balance sheet.	4 Q. It is at the top.	
5 It is a consolidated balance sheet. Okay?	5 A. Notes and Other Amounts Due from	
6 Does the Notes and Other Amounts Due	6 Affiliates, yes, I see that. I don't I	
7 from Affiliates constitute approximately	7 don't have a page number, but I'm on a page	
8 17 percent of the total assets of Highland	8 that says at the top: Notes and Other Amounts	
9 Capital Management, L.P., on a consolidated	9 Due from Affiliates.	
10 basis?	10 Q. Okay. And that is the same title of	
11 MS. DANDENEAU: Objection to form.	11 the line item on the balance sheet that we just	
12 A. I don't have a calculator in front	12 looked at; right? Notes and Other Amounts Due	
13 of me but I will take your math, if you are	13 from Affiliates?	
14 taking the 173 divided by the billion.	14 A. Yes.	
15 Q. Okay.	15 Q. And is it your understanding, based	
16 A. If that is accurate, yes. But,	16 on your experience and knowledge as the CFO,	
17 again, on a consolidated basis.	17 that this is the section of the narrative that	
18 Q. And on an unconsolidated basis the	18 ties into the line item that we just looked at?	
19 percentage would be higher; correct?	19 A. Yes.	
20 A. I – no. I don't know.	20 Q. And is this section of the audit	
21 Q. Well, okay. That is fair.	21 report intended to describe and disclose all of	
22 MR. MORRIS: Can we turn to	22 the material facts concerning the Notes and	
23 page 241, please.	23 Other Amounts Due from Affiliates?	
24 Q. Do you see that this is a section of	24 MS. DANDENEAU: Objection, form.	
25 the audit report that is entitled Notes and	25 A. This – these notes – these notes	
	Page 112	Page 113
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21	Page 113
2 of the financial statements are the purpose	1 WATERHOUSE - 10-19-21 2 reliable?	Page 113
2 of the financial statements are – the purpose 3 is to disclose any material items in relation	1 WATERHOUSE - 10-19-21 2 reliable? 3 A. I didn't – I had concerns about,	Page 113
 2 of the financial statements are – the purpose 3 is to disclose any material items in relation 4 to that balance sheet line item. 	 WATERHOUSE - 10-19-21 reliable? A. I didn't - I had concerns about, you know, like I talked about before, of there 	Page 113
 2 of the financial statements are – the purpose 3 is to disclose any material items in relation 4 to that balance sheet line item. 5 Q. Okay. And all of the information, 	1 WATERHOUSE - 10-19-21 2 reliable? 3 A. I didn't – I had concerns about, 4 you know, like I talked about before, of there 5 were – there were potentially issues in the	Page 113
 2 of the financial statements are – the purpose 3 is to disclose any material items in relation 4 to that balance sheet line item. 5 Q. Okay. And all of the information, 6 to the best of your knowledge, that is set 	1 WATERHOUSE - 10-19-21 2 reliable? 3 A. I didn't – I had concerns about, 4 you know, like I talked about before, of there 5 were – there were potentially issues in the 6 control environment. But as far as it relates	Page 113
 2 of the financial statements are – the purpose 3 is to disclose any material items in relation 4 to that balance sheet line item. 5 Q. Okay. And all of the information, 6 to the best of your knowledge, that is set 7 forth in this section of the audit report was 	1 WATERHOUSE - 10-19-21 2 reliable? 3 A. I didn't – I had concerns about, 4 you know, like I talked about before, of there 5 were – there were potentially issues in the 6 control environment. But as far as it relates 7 to the audited financial statements, any – the	Page 113
2 of the financial statements are – the purpose 3 is to disclose any material items in relation 4 to that balance sheet line item. 5 Q. Okay. And all of the information, 6 to the best of your knowledge, that is set 7 forth in this section of the audit report was 8 provided by Highland; correct?	1 WATERHOUSE - 10-19-21 2 reliable? 3 A. I didn't – I had concerns about, 4 you know, like I talked about before, of there 5 were – there were potentially issues in the 6 control environment. But as far as it relates 7 to the audited financial statements, any – the 8 team would work with the auditors to disclose	Page 113
2 of the financial statements are — the purpose 3 is to disclose any material items in relation 4 to that balance sheet line item. 5 Q. Okay. And all of the information, 6 to the best of your knowledge, that is set 7 forth in this section of the audit report was 8 provided by Highland; correct? 9 A. Yes, it would have been provided by	1 WATERHOUSE - 10-19-21 2 reliable? 3 A. I didn't – I had concerns about, 4 you know, like I talked about before, of there 5 were – there were potentially issues in the 6 control environment. But as far as it relates 7 to the audited financial statements, any – the 8 team would work with the auditors to disclose 9 all – all notes in Highland's possession.	Page 113
2 of the financial statements are – the purpose 3 is to disclose any material items in relation 4 to that balance sheet line item. 5 Q. Okay. And all of the information, 6 to the best of your knowledge, that is set 7 forth in this section of the audit report was 8 provided by Highland; correct? 9 A. Yes, it would have been provided by 10 the corporate accounting team.	1 WATERHOUSE - 10-19-21 2 reliable? 3 A. I didn't – I had concerns about, 4 you know, like I talked about before, of there 5 were – there were potentially issues in the 6 control environment. But as far as it relates 7 to the audited financial statements, any – the 8 team would work with the auditors to disclose 9 all – all notes in Highland's possession. 10 And any – any notes that were	Page 113
2 of the financial statements are — the purpose 3 is to disclose any material items in relation 4 to that balance sheet line item. 5 Q. Okay. And all of the information, 6 to the best of your knowledge, that is set 7 forth in this section of the audit report was 8 provided by Highland; correct? 9 A. Yes, it would have been provided by 10 the corporate accounting team. 11 Q. Okay. And the corporate accounting	1 WATERHOUSE - 10-19-21 2 reliable? 3 A. I didn't – I had concerns about, 4 you know, like I talked about before, of there 5 were – there were potentially issues in the 6 control environment. But as far as it relates 7 to the audited financial statements, any – the 8 team would work with the auditors to disclose 9 all – all notes in Highland's possession. 10 And any – any notes that were 11 deemed material by the auditor, right, these	Page 113
2 of the financial statements are — the purpose 3 is to disclose any material items in relation 4 to that balance sheet line item. 5 Q. Okay. And all of the information, 6 to the best of your knowledge, that is set 7 forth in this section of the audit report was 8 provided by Highland; correct? 9 A. Yes, it would have been provided by 10 the corporate accounting team. 11 Q. Okay. And the corporate accounting 12 team, did that team report to you in the	1 WATERHOUSE - 10-19-21 2 reliable? 3 A. I didn't – I had concerns about, 4 you know, like I talked about before, of there 5 were – there were potentially issues in the 6 control environment. But as far as it relates 7 to the audited financial statements, any – the 8 team would work with the auditors to disclose 9 all – all notes in Highland's possession. 10 And any – any notes that were 11 deemed material by the auditor, right, these 12 were disclosed in these – in this section, you	Page 113
2 of the financial statements are – the purpose 3 is to disclose any material items in relation 4 to that balance sheet line item. 5 Q. Okay. And all of the information, 6 to the best of your knowledge, that is set 7 forth in this section of the audit report was 8 provided by Highland; correct? 9 A. Yes, it would have been provided by 10 the corporate accounting team. 11 Q. Okay. And the corporate accounting 12 team, did that team report to you in the 13 organizational structure?	1 WATERHOUSE - 10-19-21 2 reliable? 3 A. I didn't – I had concerns about, 4 you know, like I talked about before, of there 5 were – there were potentially issues in the 6 control environment. But as far as it relates 7 to the audited financial statements, any – the 8 team would work with the auditors to disclose 9 all – all notes in Highland's possession. 10 And any – any notes that were 11 deemed material by the auditor, right, these 12 were disclosed in these – in this section, you 13 know, in – in the notes to the consolidated	Page 113
2 of the financial statements are — the purpose 3 is to disclose any material items in relation 4 to that balance sheet line item. 5 Q. Okay. And all of the information, 6 to the best of your knowledge, that is set 7 forth in this section of the audit report was 8 provided by Highland; correct? 9 A. Yes, it would have been provided by 10 the corporate accounting team. 11 Q. Okay. And the corporate accounting 12 team, did that team report to you in the 13 organizational structure? 14 A. Yes.	1 WATERHOUSE - 10-19-21 2 reliable? 3 A. I didn't – I had concerns about, 4 you know, like I talked about before, of there 5 were – there were potentially issues in the 6 control environment. But as far as it relates 7 to the audited financial statements, any – the 8 team would work with the auditors to disclose 9 all – all notes in Highland's possession. 10 And any – any notes that were 11 deemed material by the auditor, right, these 12 were disclosed in these – in this section, you 13 know, in – in the notes to the consolidated 14 financial statements as you presented.	Page 113
2 of the financial statements are — the purpose 3 is to disclose any material items in relation 4 to that balance sheet line item. 5 Q. Okay. And all of the information, 6 to the best of your knowledge, that is set 7 forth in this section of the audit report was 8 provided by Highland; correct? 9 A. Yes, it would have been provided by 10 the corporate accounting team. 11 Q. Okay. And the corporate accounting 12 team, did that team report to you in the 13 organizational structure? 14 A. Yes. 15 Q. And did you have any concerns about	1 WATERHOUSE - 10-19-21 2 reliable? 3 A. I didn't – I had concerns about, 4 you know, like I talked about before, of there 5 were – there were potentially issues in the 6 control environment. But as far as it relates 7 to the audited financial statements, any – the 8 team would work with the auditors to disclose 9 all – all notes in Highland's possession. 10 And any – any notes that were 11 deemed material by the auditor, right, these 12 were disclosed in these – in this section, you 13 know, in – in the notes to the consolidated 14 financial statements as you presented. 15 Q. Do you recall ever having a	Page 113
2 of the financial statements are – the purpose 3 is to disclose any material items in relation 4 to that balance sheet line item. 5 Q. Okay. And all of the information, 6 to the best of your knowledge, that is set 7 forth in this section of the audit report was 8 provided by Highland; correct? 9 A. Yes, it would have been provided by 10 the corporate accounting team. 11 Q. Okay. And the corporate accounting 12 team, did that team report to you in the 13 organizational structure? 14 A. Yes. 15 Q. And did you have any concerns about 16 the controls that were in place to make sure	reliable? A. I didn't – I had concerns about, you know, like I talked about before, of there were – there were potentially issues in the control environment. But as far as it relates to the audited financial statements, any – the team would work with the auditors to disclose all – all notes in Highland's possession. And any – any notes that were deemed material by the auditor, right, these were disclosed in these – in this section, you know, in – in the notes to the consolidated financial statements as you presented. Do you recall ever having a conversation with anybody at any time	Page 113
2 of the financial statements are – the purpose 3 is to disclose any material items in relation 4 to that balance sheet line item. 5 Q. Okay. And all of the information, 6 to the best of your knowledge, that is set 7 forth in this section of the audit report was 8 provided by Highland; correct? 9 A. Yes, it would have been provided by 10 the corporate accounting team. 11 Q. Okay. And the corporate accounting 12 team, did that team report to you in the 13 organizational structure? 14 A. Yes. 15 Q. And did you have any concerns about 16 the controls that were in place to make sure 17 that the information provided with respect to	reliable? A. I didn't – I had concerns about, you know, like I talked about before, of there were – there were potentially issues in the control environment. But as far as it relates to the audited financial statements, any – the team would work with the auditors to disclose all – all notes in Highland's possession. And any – any notes that were deemed material by the auditor, right, these were disclosed in these – in this section, you know, in – in the notes to the consolidated financial statements as you presented. Q. Do you recall ever having a conversation with anybody at any time concerning the accuracy of the section of audit	Page 113
2 of the financial statements are — the purpose 3 is to disclose any material items in relation 4 to that balance sheet line item. 5 Q. Okay. And all of the information, 6 to the best of your knowledge, that is set 7 forth in this section of the audit report was 8 provided by Highland; correct? 9 A. Yes, it would have been provided by 10 the corporate accounting team. 11 Q. Okay. And the corporate accounting 12 team, did that team report to you in the 13 organizational structure? 14 A. Yes. 15 Q. And did you have any concerns about 16 the controls that were in place to make sure 17 that the information provided with respect to 18 Notes and Other Amounts Due from Affiliates was	reliable? A. I didn't – I had concerns about, you know, like I talked about before, of there were – there were potentially issues in the control environment. But as far as it relates to the audited financial statements, any – the team would work with the auditors to disclose all – all notes in Highland's possession. And any – any notes that were deemed material by the auditor, right, these were disclosed in these – in this section, you know, in – in the notes to the consolidated financial statements as you presented. Q. Do you recall ever having a conversation with anybody at any time concerning the accuracy of the section of audit reports that relates to Notes and Other Amounts	Page 113
2 of the financial statements are — the purpose 3 is to disclose any material items in relation 4 to that balance sheet line item. 5 Q. Okay. And all of the information, 6 to the best of your knowledge, that is set 7 forth in this section of the audit report was 8 provided by Highland; correct? 9 A. Yes, it would have been provided by 10 the corporate accounting team. 11 Q. Okay. And the corporate accounting 12 team, did that team report to you in the 13 organizational structure? 14 A. Yes. 15 Q. And did you have any concerns about 16 the controls that were in place to make sure 17 that the information provided with respect to 18 Notes and Other Amounts Due from Affiliates was 19 accurate and complete?	reliable? A. I didn't – I had concerns about, you know, like I talked about before, of there were – there were potentially issues in the control environment. But as far as it relates to the audited financial statements, any – the team would work with the auditors to disclose all – all notes in Highland's possession. And any – any notes that were deemed material by the auditor, right, these were disclosed in these – in this section, you know, in – in the notes to the consolidated financial statements as you presented. Do you recall ever having a conversation with anybody at any time concerning the accuracy of the section of audit reports that relates to Notes and Other Amounts Due from Affiliates?	Page 113
2 of the financial statements are — the purpose 3 is to disclose any material items in relation 4 to that balance sheet line item. 5 Q. Okay. And all of the information, 6 to the best of your knowledge, that is set 7 forth in this section of the audit report was 8 provided by Highland; correct? 9 A. Yes, it would have been provided by 10 the corporate accounting team. 11 Q. Okay. And the corporate accounting 12 team, did that team report to you in the 13 organizational structure? 14 A. Yes. 15 Q. And did you have any concerns about 16 the controls that were in place to make sure 17 that the information provided with respect to 18 Notes and Other Amounts Due from Affiliates was 19 accurate and complete? 20 MS. DANDENEAU: Objection to form.	reliable? A. I didn't – I had concerns about, you know, like I talked about before, of there were – there were potentially issues in the control environment. But as far as it relates to the audited financial statements, any – the team would work with the auditors to disclose all – all notes in Highland's possession. And any – any notes that were deemed material by the auditor, right, these were disclosed in these – in this section, you know, in – in the notes to the consolidated financial statements as you presented. Q. Do you recall ever having a conversation with anybody at any time concerning the accuracy of the section of audit reports that relates to Notes and Other Amounts Due from Affiliates? MS. DANDENEAU: Objection to form.	Page 113
2 of the financial statements are — the purpose 3 is to disclose any material items in relation 4 to that balance sheet line item. 5 Q. Okay. And all of the information, 6 to the best of your knowledge, that is set 7 forth in this section of the audit report was 8 provided by Highland; correct? 9 A. Yes, it would have been provided by 10 the corporate accounting team. 11 Q. Okay. And the corporate accounting 12 team, did that team report to you in the 13 organizational structure? 14 A. Yes. 15 Q. And did you have any concerns about 16 the controls that were in place to make sure 17 that the information provided with respect to 18 Notes and Other Amounts Due from Affiliates was 19 accurate and complete? 20 MS. DANDENEAU: Objection to form. 21 A. Not that I recall.	reliable? A. I didn't – I had concerns about, you know, like I talked about before, of there were – there were potentially issues in the control environment. But as far as it relates to the audited financial statements, any – the team would work with the auditors to disclose all – all notes in Highland's possession. And any – any notes that were deemed material by the auditor, right, these were disclosed in these – in this section, you know, in – in the notes to the consolidated financial statements as you presented. Q. Do you recall ever having a conversation with anybody at any time concerning the accuracy of the section of audit reports that relates to Notes and Other Amounts Due from Affiliates? MS. DANDENEAU: Objection to form.	Page 113
2 of the financial statements are — the purpose 3 is to disclose any material items in relation 4 to that balance sheet line item. 5 Q. Okay. And all of the information, 6 to the best of your knowledge, that is set 7 forth in this section of the audit report was 8 provided by Highland; correct? 9 A. Yes, it would have been provided by 10 the corporate accounting team. 11 Q. Okay. And the corporate accounting 12 team, did that team report to you in the 13 organizational structure? 14 A. Yes. 15 Q. And did you have any concerns about 16 the controls that were in place to make sure 17 that the information provided with respect to 18 Notes and Other Amounts Due from Affiliates was 19 accurate and complete? 20 MS. DANDENEAU: Objection to form. 21 A. Not that I recall. 22 Q. Okay. Do you recall ever being	1 WATERHOUSE - 10-19-21 2 reliable? 3 A. I didn't — I had concerns about, 4 you know, like I talked about before, of there 5 were — there were potentially issues in the 6 control environment. But as far as it relates 7 to the audited financial statements, any — the 8 team would work with the auditors to disclose 9 all — all notes in Highland's possession. 10 And any — any notes that were 11 deemed material by the auditor, right, these 12 were disclosed in these — in this section, you 13 know, in — in the notes to the consolidated 14 financial statements as you presented. 15 Q. Do you recall ever having a 16 conversation with anybody at any time 17 concerning the accuracy of the section of audit 18 reports that relates to Notes and Other Amounts 19 Due from Affiliates? 20 MS. DANDENEAU: Objection to form. 21 A. You know, as — as — I didn't have 22 direct conversations with	Page 113
2 of the financial statements are — the purpose 3 is to disclose any material items in relation 4 to that balance sheet line item. 5 Q. Okay. And all of the information, 6 to the best of your knowledge, that is set 7 forth in this section of the audit report was 8 provided by Highland; correct? 9 A. Yes, it would have been provided by 10 the corporate accounting team. 11 Q. Okay. And the corporate accounting 12 team, did that team report to you in the 13 organizational structure? 14 A. Yes. 15 Q. And did you have any concerns about 16 the controls that were in place to make sure 17 that the information provided with respect to 18 Notes and Other Amounts Due from Affiliates was 19 accurate and complete? 20 MS. DANDENEAU: Objection to form. 21 A. Not that I recall. 22 Q. Okay. Do you recall ever being 23 concerned that any portion of the Notes and	reliable? A. I didn't – I had concerns about, you know, like I talked about before, of there were – there were potentially issues in the control environment. But as far as it relates to the audited financial statements, any – the team would work with the auditors to disclose all – all notes in Highland's possession. And any – any notes that were deemed material by the auditor, right, these were disclosed in these – in this section, you know, in – in the notes to the consolidated financial statements as you presented. Q. Do you recall ever having a conversation with anybody at any time concerning the accuracy of the section of audit reports that relates to Notes and Other Amounts Due from Affiliates? MS. DANDENEAU: Objection to form. A. You know, as – as – I didn't have direct conversations with PricewaterhouseCoopers as I had, you know –	Page 113
2 of the financial statements are — the purpose 3 is to disclose any material items in relation 4 to that balance sheet line item. 5 Q. Okay. And all of the information, 6 to the best of your knowledge, that is set 7 forth in this section of the audit report was 8 provided by Highland; correct? 9 A. Yes, it would have been provided by 10 the corporate accounting team. 11 Q. Okay. And the corporate accounting 12 team, did that team report to you in the 13 organizational structure? 14 A. Yes. 15 Q. And did you have any concerns about 16 the controls that were in place to make sure 17 that the information provided with respect to 18 Notes and Other Amounts Due from Affiliates was 19 accurate and complete? 20 MS. DANDENEAU: Objection to form. 21 A. Not that I recall. 22 Q. Okay. Do you recall ever being	1 WATERHOUSE - 10-19-21 2 reliable? 3 A. I didn't — I had concerns about, 4 you know, like I talked about before, of there 5 were — there were potentially issues in the 6 control environment. But as far as it relates 7 to the audited financial statements, any — the 8 team would work with the auditors to disclose 9 all — all notes in Highland's possession. 10 And any — any notes that were 11 deemed material by the auditor, right, these 12 were disclosed in these — in this section, you 13 know, in — in the notes to the consolidated 14 financial statements as you presented. 15 Q. Do you recall ever having a 16 conversation with anybody at any time 17 concerning the accuracy of the section of audit 18 reports that relates to Notes and Other Amounts 19 Due from Affiliates? 20 MS. DANDENEAU: Objection to form. 21 A. You know, as — as — I didn't have 22 direct conversations with	Page 113

WATERHOUSE - 10-19-21 2 being the point person of this audit. And I 3 can't recal, by know, when - ye low print ye low of the section of the audit reports 3 can't recal, by know, when - ye low print ye low of the work of the water than the year of the section of the audit reports 4 don't even know if I was were the point person 5 during my them as o FO. 6 I don't know if PwC had any concerns 7 when they were performing those audit 8 procedures. They may have and they may have - 9 9 and thray not have been communicated to me. I 10 don't know. 11 MR. MORRIS. All right. I move to 12 sible. 13 Q. And I'm going to ask you to listen 14 carefully to my question. 15 DU you - do you real ever having 16 a conversation with anybody at any time 17 concerning the audited financial statement on 18 provided in the audited financial statement on 19 the topic of Notes and Other Amounts Due? 20 MS. DANDENEAU. Objection to form. 21 A I don't recall first but that 22 doesn't mean that didn't resul. 23 Q. Okay, But you have no reason to 24 believe, asy out shere right now, that you 25 ever discussed with anybody concerns over the 1 WATERHOUSE - 10-19-21 2 A. — Highland's responsibility. 3 May? 4 Q. Who, at Highland's responsibility. 4 Q. Who, at Highland's responsibility. 5 for drafting this section of the auditer poor? 6 A. I.— I don't incov the autitrepoor? 7 that Again, there was a team who worked on 8 ths. And don't know, you know, whether it 9 was the staff or the manager. 10 Again, this is where light have one that on the autitrepoor? 11 A you would knew to look at the bill to the note 12 component accountant who worked on this. I 13 just – you know, there may be a 12 component accountant who worked on this. I 13 yes that person experience. I don't know. 14 A yes that person experience. I don't know. 15 Q. Do you need having my 16 communications with anybody at any time that any aspect of this 27 concerning the arise account of the very out ere told 28 anybody at any time that any aspect of this 29 concerning the arise of th	1				
2 being the posinit person of this audit. And I 3 can't recal, you know, when – you know, I 4 don't even know if I'was ever the point person 5 during my tenure as CPO. 6 Idon't now if I'was ever the point person 7 when they were performing those audit 8 procedures. They may have and they may have – 9 and I may not have been communicated to me. I 10 don't know. 11 MR MORRIS: All right. I move to 12 strike. 12 strike. 13 Q. And I'm going to ask you to listen 15 Du'you – do you necal ever having 16 a conversation with anybody at any time 17 concerning the accuracy of the reporting 18 provided in the audited financist statement on 18 19 between that it didn't exist. 20 doesn't mean that it didn't exist. 21 don't recall for this, but that 22 doesn't mean that it didn't exist. 23 Q. Okay, But you have no reason to 24 believe, as you as there right now, that you 25 ever discussed with anybody concern over the 26 or drafting this section of the audit report? 27 A. I alfort know, the answer to 3 that, Again, there was a team who worked on 18 3 this jam and the provided in the suit. 24 G. Why and the provided in the suit of the provided in the provided in the provided in the suit of the provided in th			1	WATERHOUSE - 10-19-21	Page 115
3 called Notes and Other Amounts Due from 4 don't even know fit was ever the point person 5 during my harue as CPO. 6 Idon't frow five Ched any concerns 7 when they wee performing those audit 8 procedures. They may have and they may have – 9 and it may not have been communicated to me. I 10 don't know. 11 MR. MORRIS: All right. I move to 11 MR. MORRIS: All right. I move to 12 stake. 13 O. And firm going to ask you to listen 13 O. And firm going to ask you to listen 14 carefully to my question. 15 Did you – do you recall ever having 16 a conversation with anybody at any time 17 concerning the accuracy of the reporting 18 provided in the audited financial statement on 19 the topic of Notes and Other Amounts Due? 20 MS. DANDENBAL: Objection to form. 21 A. Idon't recall financial statement on 22 doesn't mean that it didn't exist. 23 O. Okay, But you have no reason to 24 believe, as you sit here right now, that you 25 ever discussed with anybody concerns over the 1 WATERHOUSE - 10-19-21 2 A. — Highland's responsibility. 3 Highland's responsibility. 4 Q. Who, at Highland, was responsible 5 for daffing this section of the audit report? 5 A. Yeah. 1 WATERHOUSE - 10-19-21 2 A. — Highland's responsibility. 3 Highland's responsibility. 4 Q. Who, at Highland, was responsible 4 A Profit how the was responsible 5 for daffing this section of the audit report? 5 A. I chon't know the answer to 7 that. Again, there was a team who worked on 8 this. And I don't know, you know, whether it 9 was the stiff or the manager. 9 Agan, this is where liet the teams 10 Agan, this is where liet the teams 11 manage. And, you know, whether it 12 once as of 123/1/8 that somehow was – was 13 under materially not disclosed. I don't – I 14 with materially not disclosed. I don't – I 15 Q. Do you recall having any 16 Q. Do you recall having any 17 concerning this section of the report? 18 A. Yeah, Lord't know, you know, whether it 19 Q. Do you recall having any 19 Q. Do you recall having any 19 Q. Do you recall having any 19 Q. Do you recall having	2				
4 Affiliates; comed? 5 during my tenure as CPO. 6 I don't know if PwC had any concerns 7 when they were performing those audit 8 procedures. They may have and they may have – 9 and it may not have been communicated to me. I 10 don't know. 11 MR MORRIS: All right. I move to 12 shike. 13 Q. And I'm going to ask you to listen 14 carefully to my question. 15 Did you – 60 you recall ever having 16 a conversation with anybody at any time 17 concerning the accuracy of the reporting 18 provided in the audited financial statement on 19 the topic of Notes and Other Amounts Due? 20 MS. DANDENSAU: Objection to form. 21 A I clorif threalf for this, but that 22 doesn't mean that it didn't exist. 22 doesn't mean that it didn't exist. 23 desired with anybody concerns over the 24 Delieve, as you sit here right how, that you 25 ever discussed with anybody concerns over the 26 MATERHOUSE: 10-19-21 27 A — Highland's responsibility. 3 highland's responsibility. 4 Q. Who, at Highland, was responsible for or drafting this section of the audit report? 5 or A — I clorif know the answer to 6 MS. DANDENSAU: Objection to form. 18 A Yeah. 19 Q. Doy ou would never a series of the profit of the profit of the audit report? 10 A profit of the audit report? 11 WATERHOUSE: 10-19-21 2 A — Highland's responsibility. 3 way? 4 Q. Who, at Highland, was responsible for or drafting this section of the audit report? 5 for drafting this section of the audit report? 6 A — I - I clorif know the answer to 7 that Again, there was a learn who worked on 18 is. I all office the form anager. 10 Again, this is where list the teams 11 manage. And, you know, whether it and the process and	3			•	
5 during my returue as CPO. 6 I don't know if PwC had any concems 7 when they were performing those audit 8 procedures. They may have and they may have — 9 and it may not have been communicated to me. I 10 don't know. 11 MR. MORRIS: All right. I move to 12 strike. 13 Q. And I'm going to ask you to listen 13 A. Yes. 14 Carefully for you certain my doubt at any time 15 Did you — do you recall ever having 16 a conversation with mybody at any time 17 concerning the accuracy of the reporting 18 provided in the audited financial statement on 19 the topic of Noise and Other Arounts Due? 20 MS. DANDENEAU: Objection to form. 21 A. I don't recall for his, but that 22 doesn't mean that if didn't exist. 23 Q. Okay. But you have no reason to 24 believe, as you shisher eight now, that you 25 ever discussed with anybody concerns over the 26 WATERHOUSE - 10-19-21 27 A. — Highland's responsibility. 38 Highland's responsibility. 4 Q. Who, at Highland, was responsible 5 for detailing this section of the audit report? 5 A. — A I don't know, you know, whether it 6 MS. DETISCH-PEREZ: Objection to form. 16 MR. MORRIS: All right. I may have — 17 that. A resh. 18 A. Yesh. 19 Q. Do you know who was responsibility. 20 MS. DANDENEAU: Objection to form. 21 A. I don't recall for his, but that 22 doesn't mean that if didn't exist. 23 Q. Okay. But you have no reason to 24 believe, as you subther eight now, that you 25 ever discussed with anybody concerns over the 26 A. — Highland's responsibility. 3 way? 4 Q. Who, at Highland, was responsibile or 4 MATERHOUSE - 10-19-21 2 A. — Highland's responsibility. 4 Q. Who, at Highland, was responsibile or 5 to detailing his section of the audit report? 5 De Jou of detailing his section of the audit report? 6 MS. DANDENEAU: Objection to form. 7 MS. DETISCH-PEREZ: Same. 8 A. I mean, I would have to look at the bill to the note 10 Schedule to make sure I know, you was — was 11 with materiality, but dispin: there might be a 12 comporate accountant who worked on this. I 13 just — you know, I was not part of	4		4		
6 MS. DEITSCH-PEREZ. Objection to 7 form. 9 and it may not have been communicated to me. I 9 and it may not have been communicated to me. I 10 don'th row. 11 MR. MORRIS: All right. I move to 11 MR. MORRIS: All right. I move to 11 Q. I'm just asking for your 12 strike. 13 A. Yes. 14 carefully for ny question. 15 Did you - do you recall ever having 16 a conversation with anybody at any time 17 concerning the accuracy of the reporting 18 provided in the audited financial statement on 19 the topic of Notes and Other Amounts Duc? 10 A. I don't recall for this, but that 12 doesn't mean that it didn't exist. 12 don't recall for this, but that 12 doesn't mean that it didn't exist. 13 Ever discussed with anybody concerns over the 14 A. Pelphiand's responsibility. 15 Page 117 1 WATERHOUSE - 10-19-21 1 WATERHOUSE - 10-19-21 2 A. Highland's responsibility. 3 way? 4 Q. Who, at Highland, was responsibility. 4 Q. Who, at Highland, was responsibility. 5 or drafting this section of the audit report? 6 A. I I don't know the answer to 7 that Again, there was a teem who worked on 8 this. And I don't know, who where I et the teams 10 again, the is where I let the teams 11 manage. And, you know, where may be a 12 concernate accountant who worked on this. I signature and the auditer prot? 14 Logical than a propody concerns over the 15 Doy our ceall having any 16 A. I don't know, unknown than this is a proving the accurate in any 17 was the staff or the manager. 18 A. Yeah, I don't recall, this will – 19 was the staff or the manager. 19 was the staff or the manager. 20 Concerns when who worked on this. I signature and the protocology of the	5	·	5	•	
7 of form. 8 procedures. They may have and they may have — 9 and it may not have been communicated to me. I 10 don't know. 11 MR. MORRIS: All right. I move to 12 stikle. 13 Q. And I'm going to ask you to listen 14 carefully for yousestion. 15 Did you – do you recall ever having 16 a convensation with anybody at any time 17 concerning the accuracy of the reporting 18 provided in the audited financial statement on 19 the topic of Notes and Other Amounts Due? 20 MS. DANDENEAU. Objection to form. 21 A. I don't recall the right and the resist. 22 doesn't mean that il dorh text exist. 23 Q. Okay. But you have no reason to 24 believe, as you sit here right now, that you 25 ever discussed with anybody concerns over the 1 WATERHOUSE - 10-19-21 2 A. Highland's responsibility. 3 Highland's responsibility. 4 Q. Who, at Highland, was responsible for of rother ghis ghis section of the audit report? 5 That A. Gapin, there was a team who worked on 8 this. And I don't know, you know, whether it 9 was the staff or the meanager. 10 Again, this swifer let the teams 11 manage. And, you know, there may be a 12 corporate accountant who worked on this. I any propose a concerning this section of the report? 19 Q. Do you recall whythey are you are moment 10 Again, this is where let the teams 11 manage. And, you know, there may be a 12 comporate accountant who worked on this. I any propose a concerning this section of the propers 19 Q. Do you recall whythey you ever look 20 any prodoy at any time 21 oconcerning this section of the report? 22 oconcerning this section of the report? 33 under materiality, but again, there might be a 34 or the manage. And, you know, there may be a 35 oconcerning this section of the report? 36 A. I — I don't know, the manage. 37 oconcerning the audit report? 38 oconcerning the audit report? 39 was the staff or the meanager. 30 oconcerning the section of the report? 31 under materiality not disclosed. I don't the a 32 under materiality not disclosed. I don't the a 33 under materiality not disclosed. I don't t	6		6		
8 procedures. They may have and they may have— 9 and it may not have been communicated to me. I 10 don't know. 11 MR. MORRIS: All right. I move to 12 strike. 13 Q. And I'm going to ask you to listen 14 carefully to my question. 15 Didyou — do you recall ever having 16 a conversation with anybody at any time 17 concerning the accuracy of the reporting 18 provided in the audited financial statement on 19 the topic of Notes and Other Amounts Due? 10 MS. DANDENEAU? Objection to form. 21 A. I don't recall for this, but that 22 doesn't mean that it doint exist. 23 Q. Oxy. But you have no reason to 24 believe, as you sit here right now, that you 25 ever discussed with anybody concerns over the 1 WATERHOUSE – 10-19-21 2 A. Highland's responsibility. 3 Highland's responsibility. 4 Q. Who, at Highland, was responsibile 5 for drafting this section of the audit report? 6 A. I – I don't hrow, the snawer to 7 that Again, there was a team who worked on this. I 9 was the staff or the manager. 10 Again, his is where I let the teams 11 manage. And, you know, there may be a 12 concerning this section of the aport? 13 A. Yeah. 14 Q. Who, at Highland, was responsibile or 15 to – I sook at it, if you wound like. 16 A. I – I don't know, but whow, whether it 17 and for the manager. 18 A. I don't know, you know, whether it 19 was the staff or the manager. 19 was the staff or the manager. 10 Again, his is where I let the teams 11 manage. And, you know, there may be a 12 concerning this section of the aport? 14 to give that person experience, I don't know. 15 to – I show the or reason to believe anything this or 16 communications with anybody at any time that any aspect of this 17 occoroamile to make sure I know, you know, whether it 18 A. Yeah, I don't recall, this will — 19 and the process of 12/31/18 that somehow was - was 11 under materiality not discosed. I don't — I 19 Q. Do you recall havhed the process 10 A don't know, you know, there may be a 11 or concerning this section of the report? 18 A. I don't recall, this will — 19 A. I	7	•		-	
9 and thany not have been communicated to me. I 10 don't know. 11 MR. MORRIS: All right. I move to 12 strike. 12 recollection, sir. 13 Q. And I'm going to ask you to listen 14 carefully to my question. 15 Did you – do you recall ever having 16 a conversation with anybody at any time 17 concerning the accuracy of the reporting 18 provided in the audited financial statement on 19 the topic of Notes and Other Amounts Due? 19 Q. Do you know who was responsible for 20 MS_DANDENEAU: Objection to form. 21 A. I don't recall for this, but that 21 A. John trecall for this, but that 22 doesn't mean that it didn't exist. 23 Q. Okay. But you have no reason to 24 believe, as you six here right now, that you 25 ever discussed with anybody concerns over the 1 WATERHOUSE - 10-19-21 2 A. — Highland's responsibility. 3 Highland's responsibility. 4 Q. Who, at Highland, was responsible 5 for drafting this section of the audit report? 6 A. I — I don't know the answer to 6 MS_DANDENEAU: Objection to form. 7 that, Again, there was a team who worked on 8 bits. And I don't know, you know, whether it 9 was the staff or the menanger. 10 Again, this is where left the teams 11 manage. And, you know, whether it 19 was the staff or the menanger. 10 Again, this is where left the teams 11 manage. And, you know, whether it 10 Again, this is where left the teams 11 manage. And, you know, whether it 10 Again, this is where left the teams 11 manage. And, you know, there may be a 12 corporate accountant who worked on this. I 13 just — you know, I wasn't part of that process 14 to give that person experience. I don't know. 15 Q. Doy our ceall having any 16 communications with anybody at any time 17 concerning this section of the report? 18 A. Yeah, I don't read. 19 A. I don't remay. 19 D. You would have to look at the bill to the note 10 don't know. I would need more information, 10 Q. Do you recall having any 11 don't free prot was inaccurate or 12 in C. Thrisk you. Now, you will see if we 13 condrided the proof was any time that any spect of this	8	,			
10 don't know. 11 MR MORRIS. All right. I move to 11 Q. I'm just asking for your 12 stike. 13 Q. And I'm going to ask you to listen 12 recollection, sir. 14 carefully to my question. 14 Q. If you don't recall, this will — 15 A. Yeah. 16 a conversation with anybody at any time 16 Q. (Overspeak) — if you don't recall, this will — 17 recall — 18 provided in the audited financial statement on 18 provided in the audited financial statement on 19 the topic of Notes and Other Amounts Duc? 19 Q. Do you know who was responsible for 20 MS. DANDENEAU: Objection to form. 20 drafting the audit report? 21 A. I don't recall for this, but that 22 dosen't mean that it didn't exist. 22 employee responsible? I mean, it was 23 Q. Okay. But you have no reason to 24 believe, as you st here right now, that you 24 is — 25 Q. Right. 19 WATERHOUSE - 10-19-21 1 WATERHOUSE - 10-19-21 2 A. — Highland's responsibility. 2 audit report is inscourate in any 3 way? 4 Q. Who, at Highland, was responsibile 4 And I'm happy to give you a moment 5 to — to look at it, if you would like. 5 for drafting this section of the audit report? 5 to — to look at it, if you would like. 5 for drafting this section of the audit report? 5 to — to look at it, if you would like. 5 for drafting this section of the audit report? 5 to — to look at it, if you would like. 5 to — to look at it is you recall having any 6 communications with anybody at any time 6 to any one of the audit report? 19 was the staff or the manager. 19 would have to look at hards one hone to schedule to make sure I know you presented me 11 with materiality, but again, there might be a 12 corporate accountant who worked on this. I 20 corporate accountant who worked on this. I 21 not as of 1231/18 has somehow was — was 13 just — you know, it wasn't part of that process 13 under materiality not disclosed. I don't — I with materiality, but again, there might be a 12 not as of 1231/18 has somehow was — was 13 just — you know, it wasn't part of that process 13 under materiality not disclosed. I don't —	9				
11 MR. MORRIS: All right. I move to 12 strike. 13 Q. And I'm going to ask you to listen 14 carefully to my question. 15 Did you – do you recall ever having 16 a conversation with anybody at any time 17 concoming the accuracy of the reporting 18 provided in the audited financial statement on 19 the topic of Notes and Other Amounts Due? 19 MS. DANDENEAU: Objection to form. 20 MS. DANDENEAU: Objection to form. 21 A I don't recall financial statement on 22 dorafting the audit report? 23 Q. Okay. But you have no reason to 24 believe, as you sti here right now, that you 25 ever discussed with anybody concerns over the 26 A. — Hoth Thom, that you 26 ever discussed with anybody concerns over the 27 A. I don't now the answer to 28 Highland's responsibility. 29 A. — Highland's responsibility. 30 Highland's responsibility. 31 Highland's responsibility. 41 WATERHOUSE - 10-19-21 42 A. — Highland's responsibility. 43 Highland's responsibility. 44 C. Who, at Highland, was responsible 45 for drafting this section of the audit report? 46 A. — I don't know the answer to 47 that. Again, there was a team who worked on 48 this. And I don't know, you know, whether it 49 was the staff or the manager. 40 Again, this is where left the teams 41 manage. And, you know, whether it 49 was the staff or the manager. 40 Again, this is where left the teams 41 manage. And, you know, whether it 49 was the staff or the manager. 40 Loyou recall having any 41 to give that person experience. I don't know. 41 don't know. I wasen't part of that process 42 corporate accountant who worked on this. I 43 just — you know, I wasen't part of that process 44 to give that person experience. I don't know. 45 Q. Doyou recall having any 46 communications with anybody at any time 47 concerning this section of the report? 48 A Yesh. I don't recall. 49 A John't and the addited the audit the port? 40 A John't and the addited the port? 41 A John't and the addited the port? 42 C. Who, I wasen't part of that process 43 Just — you know, I wasen't part of that process 44 C	10	•		_	
12 strike. 13 Q. And I'm going to ask you to listen 14 carefully to my question. 15 Did you – do you recall ever having 16 a conversation with anybody at any time 17 recall – 18 provided in the audited financial statement on 19 the topic of Notes and Other Amounts Due? 19 MS, DANDENEAU: Objection to form. 20 MS, DANDENEAU: Objection to form. 21 A. I don't recall for this, but that 22 doesn't mean that it didn't exist. 22 doesn't mean that if didn't exist. 23 Q. Okay, But you have no reason to 24 believe, as you sit here right now, that you 25 ever discussed with anybody concerns over the 19 WATERHOUSE - 10-19-21 2 A. —Highland's responsibility. 2 A. —Highland's responsibility. 3 wey? 4 Q. Who, at Highland, was responsible 5 for drafting this section of the auditerport? 5 for drafting this section of the auditerport? 6 A. I —I don't know, wo know, whether it 9 was the staff or the manager. 10 Again, this is where left the teams 11 manage. And, you know, whether it 12 was the staff or the manager. 13 just — you know, I wasn't part of that process 14 to give that person experience. I don't know. 15 Q. Do you recall having any 16 communications with anybody at any time 17 once and 17 the part of the auditerport? 18 A. Yeah, I don't recall. 19 A could like. 19 Q. Object the person experience. I don't know. 10 don't know, I wasn't part of that process 11 to give that person experience. I don't know. 11 don't know the own experience. I don't know. 12 once and 17 23/11/8 that somehow was — was 13 under materiality not disclosed. I don't —I don't know. I would neve to look at —I with materiality but again, there might be a composition of the recall. 19 Q. Do you recall having any 15 Q. Do you recall having any 16 communications with anybody at any time 17 concerning this section of the report? 20 A Page 1/17 the don't know. 21 A Contracall. 22 A Contracall the person experience. I don't know. 23 A Lon't recall. 24 Q. As you sit here today, do you have 25 could soroll just a little bit more that each 26 of the first fiv	1				
13 Q. And f'm going to ask you to listen 14 carefully to my quesion. 15 Did you — do you recall ever having 16 a conversation with anybody at any time 17 concerning the accuracy of the reporting 18 A. Yeah. 19 provided in the audited financial statement on 19 the topic of Notes and Other Amounts Due? 20 MS, DANDENEAU: Objection to form. 21 A. I don't recall full the sudited financial statement on 22 doesn't mean that it didn't exist. 23 Q. Okay, But you have no reason to 24 believe, as you sit here right now, that you 25 ever discussed with anybody concerns over the 25 Q. Right. Page 110 1 WATERHOUSE - 10-19-21 2 A. — Highland's responsibility. 3 Highland's responsibility. 4 Q. Who, at Highland, was responsible 5 for drafting this section of the audit report? 4 A. I—I don't know the answer to 7 that. Again, there was a tearn who worked on 8 this. And I don't know, you know, whether it 9 was the staff or the manager. 10 Again, this is where left the teams 11 manage. And you know, there may be a 12 corporate accountant who worked on this. I 13 just — you know, I wash't part of that process 14 to give that person experimence. I don't know. 15 Q. Do you recall whether you ever told 26 anybody at any time 27 concerning this section of the report? 28 A. Page 117 the read to schedule to make sure I know you presented me 19 manage. And you know, there may be a 10 communications with anybody at any time 11 communications with anybody at any time 12 concerning this section of the report? 13 A. Yes. 14 Q. Thou don't recall, this will — 15 A. Yeah, I don't recall. 15 A. Yesh, I don't recall. 16 Q. Do you recall whether you ever told 19 Q. Do you recall whether you ever told 20 anybody at any time that any aspect of this 21 section of the report? 22 A. I don't recall. 23 A. I don't recall. 24 Q. As you sit here today, do you have	1				
14 carefully to my question. 15 Did you – do you recall ever having 16 a conversation with anybody at any time 17 concerning the accuracy of the reporting 18 provided in the audited financial statement on 19 the objec of Notes and Other Amounts Due? 20 MS, DANDENEAU: Objection to form. 21 A. I don't recall for this, but that 21 A. Yeah, I don't – I don't recall. 22 doesn't mean that it didn't resist. 23 Q. Okay. But you have no reason to 24 believe, as you sit here right now, that you 25 ever discussed with anybody concerns over the 25 Q. Right. 2 A.—Highland's responsibility. 3 Highland's responsibility. 3 Highland's responsibility. 4 Q. Who, at Highland, was responsible 5 for drafting this section of the audit report? 5 to – to look at it, if you would like. 6 A. I – I don't know, you know, whether it 9 was the staff or the manager. 10 Again, this is where left the teams 11 manage. And, you know, uber may be a 12 corporate accountant who worked on this. I 13 just – you know, like may be done and this. I 14 C. If you don't recall, this will – 15 A. Yeah, I don't recall. 16 Q. (Verspeak) – if you don't 17 recall – 19 was the staff or the manager. 19 Q. Okay. But you have 19 Q. Okyou don'the call, this will – 16 A. Peape 116 1 WATERHOUSE - 10-19-21 2 A.—Highland's responsibility, so, I mean, that 2 is – 2 A.—Highland's responsibility. 3 way? 4 Q. Who, at Highland, was responsible 4 And I'm happy to give you a moment 5 for drafting this section of the audit report? 6 A. I – I don't know, you know, whether it 9 was the staff or the manager. 10 Again, this is where left the teams 11 manage. And, you know, whether it 12 manage. And, you know, there may be a 12 corporate accountant who worked on this. I 13 just – you know, I wasn't part of that process 14 to give that person experience. I don't know. 15 Q. Do you recall having any 16 communications with anybody at any time 17 concerning this section of the report? 18 A. Yeah, I don't recall. 19 A. Yeah, I don't recall. 20 C. Okay. But without more information, 21 don	1				
15 A Yeah. 16 a conversation with anybody at any time 17 concerning the accuracy of the reporting 18 provided in the audited financial statement on 19 the topic of Notes and Other Amounts Due? 20 MS DANDENEAU. Objection to form. 21 A I don't recall for this, but that 22 doesn't mean that it didn't exist. 23 Q. Okay. But you have no reason to 24 believe, as you sit here right now, that you 25 ever discussed with anybody concerns over the 26 A — Highland's responsibility. 27 A — Highland's responsibility. 28 Highland's responsibility. 29 A — Highland's responsibility. 30 Highland's responsibility. 40 — Who, at Highland, was responsible for drafting this section of the audit report? 41 A — I don't know the answer to 42 for drafting this section of the audit report? 43 A — Highland's responsibility. 44 A — And I'm happy to give you a moment to look at it, if you would like. 45 For drafting this section of the audit report? 46 A — I — I don't know the answer to 47 that. Again, there was a team who worked on 48 this. And I don't know, you know, whether it 49 was the staff or the manager. 40 A who, who were may be a 41 coprorate accountant who worked on this. I 41 Jijust — you know, it were may be a 42 coprorate accountant who worked on this. I 43 just — you know who was responsible to make sure I know you presented me 44 to give that person experience. I don't know. 45 Q. Do you recall having any 46 Q. Who, I wasn't part of that process 47 section of the report was inaccurate or 48 MS. DANDENEAU: Objection to form. 49 Communications with anybody at any time 40 concerning this section of the report? 51 A I don't know, I wasn't part of that process 52 Q. Okay. But without more information, 53 you have no reason to believe anything this 54 concerning this section of the report? 55 Co. As you sit here today, do you have 56 A I don't I mean, you know, this was 57 you have no reason to believe anything this 58 you have no reason to believe anything this 59 you have no reason to believe anything this 69 you have no reason t	1				
16 a conversation with anybody at any time 17 concerning the accuracy of the reporting 18 provided in the audited financial statement on 19 the topic of Notes and Other Amounts Due? 20 MS. DANDENEAU: Objection to form. 21 A. I don't recall for this, but that 22 doesn't mean that it didn't exist. 23 Q. Okay. But you have no reason to 24 believe, as you sit here right now, that you 25 ever discussed with anybody concerns over the 26 A. I don't fersoll for seponsibility. 27 A. Highland's responsibility. 28 A. Highland's responsibility. 3 way? 4 Q. Who, at Highland, was responsible 4 And I'm happy to give you a moment 5 for drafting this section of the audit report? 5 A. A. I don't know, you know, whether it 9 was the staff or the manager. 9 would have to look at the bill to the note 10 Again, this is where liet the teams 11 manage. And, you know, there may be a 12 corporate accountant who worked on this. I 13 just – you know, I was risp and the staff process 14 to give that person experience. I don't know. 15 Q. Do you recall whether you ever told 26 anybody at any time that any aspect of this 27 section of the report? 28 A. I don't recall. 9 A. Yeah, I don't recall. 19 Q. Do you recall whether you ever told 29 anybody at any time that any aspect of this 20 could scroll just a little bit more that each 21 q. As you sit here today, do you have	1				
17 recall — 18 provided in the accuracy of the reporting 19 the topic of Notes and Other Amounts Due? 20 MS. DANDENEAU: Objection to form. 21 A. I don't recall for this, but that 22 consort mean that it didn't exist. 23 Q. Okay. But you have no reason to 24 believe, as you sit here right now, that you 25 ever discussed with anybody concerns over the 26 A. — Highland's responsibility. 27 A. — Highland's responsibility. 3 way? 4 Q. Who, at Highland, was responsible 4 And I'm happy to give you a moment 5 for drafting this section of the audit report? 5 A. I — I don't know, you know, whether it 9 was the staff or the manager. 10 Again, this is where I let the teams 11 manage. And, you know, there may be a 12 coprorate accountant who worked on this. I a just — you know, where may be a 13 just — you know, I wasn't part of that process 14 and you know, where may be a 15 op you recall having any 16 companing this section of the report? 17 section of the report? 18 A. Yeah, I don't know you are repossible to give you a presented me 19 manage. And, you know, there may be a 10 opported accountant who worked on this. I 11 just — you know, where liet the teams 11 manage. And, you know, there may be a 12 coprorate accountant who worked on this. I 13 just — you know, where may be a 14 or jive that person experience. I don't know. 15 Q. Do you recall having any 16 communications with anybody at any time 17 concerning this section of the report? 18 A. Yeah, I don't know, a passed of this 29 concerning this section of the report? 20 Again, there no reason to believe anything this 20 anybody at any time that any aspect of this 20 anybody at any time that any aspect of this 21 section of the report was inaccurate or 22 incomplete? 23 of the first five paragraphs concerns 24 specifically the four affiliates that we've	1	, ,			
18 provided in the audited financial statement on 19 the topic of Notes and Other Amounts Due? 20 MS DANDENEAU: Objection to form. 21 A I don't recall for this, but that 22 doesn't mean that it didn't exist. 23 Q. Okay. But you have no reason to 24 believe, as you sit here right now, that you 25 ever discussed with anybody concerns over the Page 116 WATERHOUSE - 10-19-21 1 WATERHOUSE - 10-19-21 2 A - Highland's responsibility. 3 Highland's responsibility. 4 Q. Who, at Highland, was responsible 4 And I'm happy to give you a moment 5 for drafting this section of the audit report? 5 to - to look at it, if you would like. 6 A. I - I don't know, you know, whether it 9 was the staff or the manager. 9 would have to look at the lib to the note 10 Again, this is where I let the teams 11 manage. And, you know, there may be a 12 corporate accountant who worked on this. I 13 just - you know, wherein any wes 13 just - you know, wherein any wes 14 to give that person experience. I don't know. 15 Q. Do you recall having any 16 communications with anybody at any time that any aspect of this 17 concerning this section of the report? 18 A. Yeah, I don't - I don't know 20 payou sking the actual Highland 21 manage. And, you la moment 22 incomplete? 23 of Don't recall. 24 Q. As you sit here today, do you have	1				
19 the topic of Notes and Other Amounts Due? 20 MS. DANDENEAU: Objection to form. 21 A. I don't recall for this, but that 22 doesn't mean that it didn't exist. 23 Q. Okay. But you have no reason to 24 believe, as you sit here right now, that you 25 ever discussed with anybody concerns over the 26 WATERHOUSE - 10-19-21 27 A. — Highland's responsibility. 28 a. — Highland's responsibility. 29 audit report is incomplete or inaccurate in any 29 Highland's responsibility. 30 away? 4 Q. Who, at Highland, was responsibile 4 And I'm happy to give you a moment 5 for drafting this section of the audit report? 4 A. I - I don't know the answer to 5 to — to look at it, if you would like. 4 A. I many, you know, whether it 9 was the staff or the manager. 10 Again, this is where let the teams 11 manage. And, you know, there may be a 12 corporate accountant who worked on this. I 13 just — you know, I wasn't part of that process 14 to give that person experience. I don't know. 15 Q. Do you recall having any 16 communications with anybody at any time 17 concerning this section of the report? 18 A. Yeah, I don't recall. 29 A. I don't recall. 20 As you sit here today, do you have	1				
20 MS. DANDENEAU: Objection to form. 21 A. Idon't recall for this, but that 22 doesn't mean that it didn't exist. 23 Q. Okay. But you have no reason to 24 believe, as you sit here right now, that you 25 ever discussed with anybody concerns over the 26 WATERHOUSE - 10-19-21 2 A. Highland's responsibility. 3 Highland's responsibility. 4 Q. Who, at Highland, was responsible 5 for drafting this section of the audit report? 6 A. I – I don't know the answer to 7 that. Again, there was a team who worked on 8 this. And I don't know, you know, whether it 9 was the staff or the manager. 10 Again, this is where I let the teams 11 manage. And, you know, there may be a 12 corporate accountant who worked on this. I 13 just – you know, I wasn't part of that process 13 just – you know, I wasn't part of that process 14 to give that person experience. I don't know. 15 Q. Do you recall having any 16 communications with anybody at any time 17 concerning this section of the report? 18 A. Yeah, I don't recall. 29 A. I don't recall. 20 As you sit here today, do you have 20 drafting the audit report? 21 A. Are you asking the actual Highland 22 employee responsible? I mean, it was 23 Highland's responsibility, so, I mean, that 24 is – 25 Q. Right. 24 is – 25 Q. Right. 25 Q. Right. 26 MATERHOUSE - 10-19-21 2 audit report is incomplete or inaccurate in any 3 way? 4 A. And I'm happy to give you a moment 5 to – to look at it, if you would like. 6 MS. DANDENEAU: Objection to form. 7 MS. DETTSCH-PEREZ: Same. 8 A. I mean, I would have to look at — I 9 would have to look at the bill to the note 10 schedule to make sure I know you presented me 11 with materiality, but again, there might be a 12 corporate accountant who worked on this. I 13 just – you know, I wasn't part of that process 13 under materiality not disclosed. I don't — I 14 to give that person experience. I don't know. 15 Q. Okay. But wi	1				
21 A. Are you asking the actual Highland 22 deemt mean that it didn't exist. 23 Q. Okay. But you have no reason to 24 believe, as you sit here right now, that you 25 ever discussed with anybody concerns over the 26 Q. Right. Page 116 1 WATERHOUSE - 10-19-21 2 A Highland's responsibility. 3 Highland's responsibility. 4 Q. Who, at Highland, was responsibility. 4 Q. Who, at Highland, was responsibile. 5 for drafting this section of the audit report? 5 to - to look at it, fly ou would like. 6 A. I - I don't know the answer to 7 that. Again, there was a team who worked on 8 this. And I don't know, you know, whether it 9 was the staff or the manager. 9 would have to look at the bill to the note 10 Again, this is where I let the teams 11 manage. And, you know, there may be a 12 corporate accountant who worked on this. I 13 just - you know, I wasn't part of that process 14 to give that person experience. I don't know. 15 Q. Do you recall having any 16 communications with anybody at any time 17 concerning this section of the report? 18 A. Yeah, I don't recall. 20 A. Journal of the report was inaccurate or 21 incomplete? 22 could scroll just a little bit more that each 23 A. I don't recall. 24 A. Are you asking the actual Highland's parson to 2 25 million and the process 26 Highland's responsibility, so, I mean, it was 27 litighand's responsibility, so, I mean, that 28 million and the section of the audit report? 28 A. Highland's responsibility, so, I mean, that 29 litighand's responsibility, so, I mean, that 24 is — 26 Mightland's responsibility, so, I mean, that 24 is — 27 Right. Page 117 28 A. Are you asking the actual Highland's responsibility, so, I mean, that 29 is — 20 Loyou and the process of the section of the report? 20 A. Yeah, I don't recall. 21 A. Are you asking the actual Highland's responsibility. 22 and trepost is inaccurate; or recet? 23 A. I don't recall. 24 Q. As you sit here today, do you have	1	•			
22 doesn't mean that it didn't exist. 23 Q. Okay. But you have no reason to 24 believe, as you sit here right now, that you 25 ever discussed with anybody concerns over the 1 WATERHOUSE - 10-19-21 2 A. — Highland's responsibility. 3 Way? 4 Q. Who, at Highland, was responsible 5 for drafting this section of the audit report? 6 A. I — I don't know the answer to 7 that. Again, there was a team who worked on 8 this. And I don't know, you know, whether it 9 was the staff or the manager. 9 would have to look at the bill to the note 10 Again, this is where I let the teams 11 manage. And, you know, there may be a 12 corporate accountant who worked on this. I 13 just — you know, I wasn't part of that process 14 to give that person experience. I don't know. 15 Q. Do you recall having any 16 communications with anybody at any time 17 concerning this section of the report? 18 A. Yeah, I don't recall. 19 Q. Do you recall whether you ever told 20 anybody at any time that any aspect of this 21 section is inaccurate; correct? 22 incomplete? 23 A. I don't recall. 24 employee responsible? I mean, it was 24 is — 25 Q. Right. Page 117 WATERHOUSE - 10-19-21 1 WATERHOUSE - 10-19-21 1 WATERHOUSE - 10-19-21 1 WATERHOUSE - 10-19-21 1 WATERHOUSE - 10-19-21 2 audit report is incomplete or inaccurate in any 3 way? 4 And I'm happy to give you a moment 5 to — to look at ti, if you would like. 6 MS. DANDENEAU: Objection to form. 7 MS. DEITSCH-PEREZ: Same. 8 A. I mean, I would have to look at — I 9 would have to look at the bill to the note 10 schedule to make sure I know you presented me 11 with materiality, but again, there might be a 12 corporate accountant who worked on this. I 13 just — you know, I wasn't part of that process 13 under materiality not disclosed. I don't — I 14 to give that person experience. I don't know. 15 Q. Okay. But without more information, 16 communications with	1	•		·	
23 Q. Okay. But you have no reason to 24 believe, as you sit here right now, that you 25 ever discussed with anybody concerns over the 26 Q. Right. 1 WATERHOUSE - 10-19-21 2 A. — Highland's responsibility. 3 Highland's responsibility. 4 Q. Who, at Highland, was responsible 5 for drafting this section of the audit report? 6 A. — I don't know, the answer to 7 that. Again, there was a team who worked on 8 this. And I don't know, you know, whether it 9 was the staff or the manager. 9 would have to look at it, if you would like to a shedule to make sure I know you presented me 11 manage. And, you know, there may be a 12 corporate accountant who worked on this. I 13 just – you know, I wasn't part of that process 14 to give that person experience. I don't know. 15 Q. Do you recall having any 16 communications with anybody at any time 17 concerning this section of the report? 18 A. Yeah, I don't recall. 19 Q. Do you recall whether you ever told 20 anybody at any time that any aspect of this 21 section of the report was inaccurate or 22 incomplete? 23 A. I don't recall. 24 Iis — 25 Q. Right. Page 117 24 is — 25 Q. Right. Page 117 1 WATERHOUSE - 10-19-21 2 audit report is inaccurate in any 3 way? 4 And I'm happy to give you a moment 5 to — to look at it, if you would like. 6 MS. DANDENEAU: Objection to form. 7 MS. DEITSCH-PEREZ: Same. 8 A. I mean, I would have to look at — I 9 would have to look at The bill to the note 9 would have to look at The bill to the note 10 schedule to make sure I know you presented me 11 minage. And, you know, I wasn't part of that process 13 just – you know, I wasn't part of that process 14 to give that person experience. I don't know. 15 Q. Do you recall having any 16 communications with anybody at any time 17 concerning this section of the report? 18 A. Yeah, I don't recall. 19 Q. Do you recall whether you ever told 19 A. I don't. I mean, you know, you will see if we 20 could scroll just a little bit more that each 21 of the first five paragraphs concerns 22 of the first five paragraphs	1				
24 believe, as you sit here right now, that you 25 ever discussed with anybody concerns over the 26 Q. Right. 1 WATERHOUSE - 10-19-21 2 A. — Highland's responsibility. 3 Highland's responsibility. 4 Q. Who, at Highland, was responsible 5 for drafting this section of the audit report? 6 A. I.— I don't know the answer to 7 that. Again, there was a team who worked on 8 this. And I don't know, you know, whether it 9 was the staff or the manager. 10 Again, this is where I let the teams 11 manage. And, you know, there may be a 12 corporate accountant who worked on this. I 13 just—you know, I wasn't part of that process 14 to give that person experience. I don't know. 15 Q. Do you recall having any 16 communications with anybody at any time 17 concerning this section of the report? 18 A. Yeah, I don't recall. 19 Q. Do you recall whether you ever told 20 anybody at any time that any aspect of this 21 section of the report was inaccurate or 22 and it report is incomplete or inaccurate in any 24 is— 25 Q. Right. 1 WATERHOUSE - 10-19-21 2 audit report is incomplete or inaccurate in any 3 way? 4 And I'm happy to give you a moment 5 to — to look at it, if you would like. 6 MS. DANDENEAU: Objection to form. 7 MS. DEITSCH-PEREZ: Same. 8 A. I mean, I would have to look at the bill to the note 9 would have to look at the bill to the note 10 schedule to make sure I know you presented me 11 with materiality, but again, there might be a 11 note as of 12/31/18 that somehow was — was 13 just—you know, I wasn't part of that process 13 under materiality not disclosed. I don't—I 14 to give that person experience. I don't know. 15 Q. Do you recall having any 16 communications with anybody at any time 17 section is inaccurate; correct? 18 A. Yeah, I don't recall. 19 Q. Do you recall whether you ever told 19 A. I don't. I mean, you know, this was 20 anybody at any time that any aspect of this 21 section of the report was inaccurate or 22 incomplete? 23 A. I don't recall. 24 Q. As you sit here today, do you have	1				
25 Q. Right. 1 WATERHOUSE - 10-19-21 2 A. — Highland's responsibility. 3 Way? 4 Q. Who, at Highland, was responsible 5 for drafting this section of the audit report? 6 A. I—I don't know the answer to 7 that. Again, there was a team who worked on 8 this. And I don't know, you know, whether it 9 was the staff or the manager. 9 would have to look at the bill to the note 10 Again, this is where I let the teams 11 manage. And, you know, there may be a 12 corporate accountant who worked on this. I 13 just—you know, I wasn't part of that process 14 to give that person experience. I don't know. 15 Q. Do you recall having any 16 communications with anybody at any time 17 concerning this section of the report was inaccurate or 20 A. I don't recall. 21 Q. As you sit here today, do you have 22 incomplete? 23 A. I don't recall. 24 Q. As you sit here today, do you have	1				
1 WATERHOUSE - 10-19-21 2 A — Highland's responsibility. 3 Highland's responsibility. 4 Q. Who, at Highland, was responsible 5 for drafting this section of the audit report? 6 A. I — I don't know the answer to 7 that. Again, there was a team who worked on 8 this. And I don't know, you know, whether it 9 was the staff or the manager. 10 Again, this is where I let the teams 11 manage. And, you know, there may be a 12 corporate accountant who worked on this. I 13 just — you know, I wasn't part of that process 14 to give that person experience. I don't know. 15 Q. Do you recall having any 16 communications with anybody at any time 17 concerning this section of the report? 18 A. Yeah, I don't recall. 20 A you sit here today, do you have 21 complete? 22 A. I don't recall. 23 of the first five paragraphs concerns 24 to gove that person the manage of the report and the first five paragraphs concerns 24 could scroll just a little bit more that each 25 could scroll just a little bit more that each 26 could scroll just a little bit more that each 27 could scroll just a little bit more that each 28 could scroll just a little bit more that each 29 could scroll just a little bit more that each 20 anybody at any time that any aspect of this 21 part of the audit. 23 of the first five paragraphs concerns 24 Q. As you sit here today, do you have	1				
1 WATERHOUSE - 10-19-21 2 A Highland's responsibility. 3 Highland's responsibility. 4 Q. Who, at Highland, was responsible 5 for drafting this section of the audit report? 6 A. I - I don't know the answer to 7 that. Again, there was a team who worked on 8 this. And I don't know, you know, whether it 9 was the staff or the manager. 10 Again, this is where I let the teams 11 manage. And, you know, there may be a 12 corporate accountant who worked on this. I 13 just - you know, I wasn't part of that process 13 just - you know, I wasn't part of that process 14 to give that person experience. I don't know. 15 Q. Do you recall having any 16 One munications with anybody at any time 17 concerning this section of the report? 18 A. Yeah, I don't recall. 20 A syou sit here today, do you have 21 Conditions 21 Conditions 22 Could scroll just a little bit more that each 23 A. I don't recall. 24 Q. A syou sit here today, do you have 24 specifically the four affiliates that we've			20	Q. TAGH.	
2 A Highland's responsibility. 3 Highland's responsibility. 4 Q. Who, at Highland, was responsible 5 for drafting this section of the audit report? 6 A. I - I don't know the answer to 7 that. Again, there was a team who worked on 8 this. And I don't know, you know, whether it 9 was the staff or the manager. 10 Again, this is where I let the teams 11 manage. And, you know, there may be a 12 corporate accountant who worked on this. I 13 just - you know, I wasn't part of that process 14 to give that person experience. I don't know. 15 Q. Do you recall having any 16 communications with anybody at any time 17 concerning this section of the report? 18 A. Yeah, I don't recall. 19 Q. Do you recall whether you ever told 20 anybody at any time that any aspect of this 21 cond the process of the report was inaccurate or 22 could scroll just a little bit more that each 23 A. I don't recall. 24 Q. A syou sit here today, do you have 25 audit report is incomplete or inaccurate in any 3 way? 4 And I'm happy to give you a moment 5 to - to look at it, if you would like. 6 MS. DANDENEAU: Objection to form. 7 MS. DEITSCH-PEREZ: Same. 8 A. I mean, I would have to look at -1 9 would have to look at the bill to the note 9 would have to look at the bill to the note 10 schedule to make sure I know you presented me 11 with materiality, but again, there might be a 11 with materiality, but again, there might be a 12 note as of 12/31/18 that somehow was – was 13 just – you know, I wasn't part of that process 13 under materiality, but adiation, there might be a 14 don't know. I would need more information. 15 Q. Okay. But without more information. 16 you have no reason to believe anything this 17 section is inaccurate; correct? 18 MS. DANDENEAU: Objection to form. 19 A. I don't recall. 20 anybody at any time that any aspect of this 21 q. Thank you. Now, you will see if we 22 could scroll just a little bit more that each 23 of the first five paragraphs concerns 24 q. A loon't recall. 25 of the first five paragraphs concerns	1			MATERIALISE 40 40 04	Page 117
3 Highland's responsibility. 4 Q. Who, at Highland, was responsible 5 for drafting this section of the audit report? 6 A. I – I don't know the answer to 7 that. Again, there was a team who worked on 8 this. And I don't know, you know, whether it 9 was the staff or the manager. 10 Again, this is where I let the teams 11 manage. And, you know, there may be a 12 corporate accountant who worked on this. I 13 just – you know, I wasn't part of that process 14 to give that person experience. I don't know. 15 Q. Do you recall having any 16 communications with anybody at any time 17 concerning this section of the report? 18 A. Yeah, I don't recall. 19 Q. As you sit here today, do you have 20 And Jon't throw, you presented me 21 manage. And, you know, there may be a 22 corporate accountant who worked on this. I 23 anybody at any time 24 Q. As you sit here today, do you have 25 to – to look at it, if you would like. 26 MS. DANDENEAU: Objection to form. 27 MS. DANDENEAU: Objection to form. 28 A. I mean, I would have to look at the bill to the note 39 would have to look at the bill to the note 30 MS. DANDENEAU: Objection to form. 30 the materiality, but again, there might be a 30 schedule to make sure I know you presented me 41 with materiality, but again, there might be a 41 with materiality, but again, there might be a 42 under materiality not disclosed. I don't – I 43 don't know. I would need more information. 44 don't know. I would need more information. 45 Q. Okay. But without more information. 46 you have no reason to believe anything this 47 concerning this section of the report? 48 MS. DANDENEAU: Objection to form. 49 A. I don't I mean, you know, this was 40 anybody at any time that any aspect of this 40 anybody at any time that any aspect of this 41 don't peall. 42 you have no reason to believe anything this 42 you have no reason to believe anything this 43 you have no reason to believe anything this 44 don't lnean, you know, this was 45 you have no reason to believe anything this 45 you have no reason to believe a	Ι'		1	WATERHOUSE - 10-19-21	
4 And I'm happy to give you a moment 5 for drafting this section of the audit report? 6 A. I – I don't know the answer to 7 that. Again, there was a team who worked on 8 this. And I don't know, you know, whether it 9 was the staff or the manager. 10 Again, this is where I let the teams 11 manage. And, you know, there may be a 12 corporate accountant who worked on this. I 13 just – you know, I wasn't part of that process 14 to give that person experience. I don't know. 15 Q. Do you recall having any 16 communications with anybody at any time 17 concerning this section of the report? 18 A. Yeah, I don't recall. 19 Q. Do you recall whether you ever told 20 anybody at any time that any aspect of this 21 section of the report was inaccurate or 22 incomplete? 23 A. I don't recall. 24 Q. As you sit here today, do you have 25 incomplete is to not a fixed with a flow of the report was inaccurate or 26 mis inaccurate flat to it more that each 27 could scroll just a little bit more that each 28 And I'm happy to give you a moment 29 to look at it, if you would like. 4 And I'm happy to give you a moment 5 to – to look at it, if you would like. 6 MS. DANDENEAU: Objection to form. 7 MS. DEITSCH-PEREZ: Same. 8 A. I mean, I would have to look at — I 9 would have to look at the bill to the note 10 schedule to make sure I know you presented me 11 with matheriality, but again, there might be a 12 note as of 12/31/18 that somehow was – was 13 under materiality, but again, there might be a 14 onte as of 12/31/18 that somehow was – was 15 under materiality not disclosed. I don't – I 16 don't know. I would need more information. 17 Q. Okay. But without more information. 18 Q. Okay. But without more information. 19 Q. Do you recall whether you ever told 19 A. I don't. I mean, you know, this was 20 part of the audit. 21 Q. Thank you. Now, you will see if we 22 could scroll just a little bit more that each 23 of the first five paragraphs concerns 24 Q. As you sit here today, do you have	12		_		
5 for drafting this section of the audit report? 6 A. I – I don't know the answer to 7 that. Again, there was a team who worked on 8 this. And I don't know, you know, whether it 9 was the staff or the manager. 10 Again, this is where I let the teams 11 manage. And, you know, there may be a 12 corporate accountant who worked on this. I 13 just – you know, I wasn't part of that process 14 to give that person experience. I don't know. 15 Q. Do you recall having any 16 communications with anybody at any time 17 concerning this section of the report? 18 A. Yeah, I don't recall. 20 D. Ayou sit here today, do you have 21 incomplete? 21 Concerning this section of the retord? 22 incomplete? 23 A. I don't recall. 24 Q. As you sit here today, do you have 25 incomplete section of the retord? 26 MS. DANDENEAU: Objection to form. 27 MS. DEITSCH-PEREZ: Same. 28 M. JANDENEAU: Objection to form. 29 Would have to look at the bill to the note of which and the would have to look at the bill to the note of which and the pill to the note of which and the pill to the note of which and the pill to the note of world have to look at the bill to the note of which and the pill to the note of which and the pill to the note of would have to look at the bill to the note of would have to look at the bill to the note of would have to look at the bill to the note of which and the pill to the note of would have to look at the bill to the note of which and the pill to the note of would have to look at the bill to the note of which and the pill to the note of would have to look at the bill to be note of would have to look at the bill to the note of would have to look at the bill to the note of which and the pill to the note of would have to look at the bill to the note of would have to look at the bill to the note of would have to look at the bill to the note of would have to look at the bill to the note of would have to look at the bill to the note of would have to look at the bill to the note of would have to look at the bill to the note of woul	1	A. – Highland's responsibility.	2	audit report is incomplete or inaccurate in any	
6 A. I – I don't know the answer to 7 that. Again, there was a team who worked on 8 this. And I don't know, you know, whether it 9 was the staff or the manager. 10 Again, this is where I let the teams 11 manage. And, you know, there may be a 12 corporate accountant who worked on this. I 13 just – you know, I wasn't part of that process 14 to give that person experience. I don't know. 15 Q. Do you recall having any 16 communications with anybody at any time 17 concerning this section of the report? 18 A. Yeah, I don't recall. 19 Would have to look at the bill to the note 10 schedule to make sure I know you presented me 11 with materiality, but again, there might be a 12 note as of 12/31/18 that somehow was – was 13 under materiality not disclosed. I don't – I 14 to give that person experience. I don't know. 15 Q. Do you recall having any 15 Q. Okay. But without more information. 16 communications with anybody at any time 17 concerning this section of the report? 18 A. Yeah, I don't recall. 19 Q. Do you recall whether you ever told 20 anybody at any time that any aspect of this 21 section of the report was inaccurate or 22 incomplete? 23 A. I don't recall. 24 Q. As you sit here today, do you have 25 specifically the four affiliates that we've	3	A. – Highland's responsibility. Highland's responsibility.	2	audit report is incomplete or inaccurate in any way?	
7 that. Again, there was a team who worked on 8 this. And I don't know, you know, whether it 9 was the staff or the manager. 10 Again, this is where I let the teams 11 manage. And, you know, there may be a 12 corporate accountant who worked on this. I 13 just – you know, I wasn't part of that process 14 to give that person experience. I don't know. 15 Q. Do you recall having any 16 communications with anybody at any time 17 concerning this section of the report? 18 A. Yeah, I don't recall. 19 Q. Do you recall whether you ever told 20 anybody at any time that any aspect of this 21 section of the report was inaccurate or 22 incomplete? 23 A. I don't recall. 24 Q. As you sit here today, do you have 26 would have to look at the bill to the note 28 A. I mean, I would have to look at the bill to the note 30 A. I don't the bill to the note 31 mean, I would have to look at the bill to the note 32 would have to look at the bill to the note 34 A. I mean, I would have to look at the bill to the note 35 A. I mean, I would have to look at the bill to the note 36 A. I mean, I would have to look at the bill to the note 36 A. I mean, I would have to look at the bill to the note 37 would have to look at the bill to the note 38 A. I mean, I would have to look at the bill to the note 39 would have to look at the bill to the note 30 anybody at any time that process 30 A. I don't recall. 31 with materiality, but again, there might be a 31 under materiality, but again, there in ght be a 31 under materiality, but again, there in ght be a 31 under materiality, but again, there below a was – was 31 under materiality, but again, there below a was – was 31 under materiality, but again, there below a was – was 31 under materiality, but again, there blook at the bill to the note 30 A. I don't know. I would need more information. 31 you have no reason to believe anything this section is inaccurate; correct? 31 A. I don't. I mean, you know, this was 32 part of the audit. 33 A. I don't necall. 34 Q. As you sit here today, do you have	3 4	A. – Highland's responsibility.Highland's responsibility.Q. Who, at Highland, was responsible	2 3 4	audit report is incomplete or inaccurate in any way? And I'm happy to give you a moment	
8 this. And I don't know, you know, whether it 9 was the staff or the manager. 10 Again, this is where I let the teams 11 manage. And, you know, there may be a 12 corporate accountant who worked on this. I 13 just – you know, I wasn't part of that process 14 to give that person experience. I don't know. 15 Q. Do you recall having any 16 communications with anybody at any time 17 concerning this section of the report? 18 A. Yeah, I don't recall. 19 would have to look at the bill to the note 10 schedule to make sure I know you presented me 11 with materiality, but again, there might be a 12 note as of 12/31/18 that somehow was – was 13 under materiality not disclosed. I don't – I 14 don't know. I would need more information. 15 Q. Okay. But without more information, 16 you have no reason to believe anything this 17 section is inaccurate; correct? 18 A. Yeah, I don't recall. 19 Q. Do you recall whether you ever told 20 anybody at any time that any aspect of this 21 section of the report was inaccurate or 22 incomplete? 23 A. I don't recall. 24 Q. As you sit here today, do you have 25 specifically the four affiliates that we've	3 4 5	 A. – Highland's responsibility. Highland's responsibility. Q. Who, at Highland, was responsible for drafting this section of the audit report? 	2 3 4 5	audit report is incomplete or inaccurate in any way? And I'm happy to give you a moment to – to look at it, if you would like.	
9 was the staff or the manager. 10 Again, this is where I let the teams 11 manage. And, you know, there may be a 12 corporate accountant who worked on this. I 13 just – you know, I wasn't part of that process 14 to give that person experience. I don't know. 15 Q. Do you recall having any 16 communications with anybody at any time 17 concerning this section of the report? 18 A. Yeah, I don't recall. 19 Q. Do you recall whether you ever told 20 anybody at any time that any aspect of this 21 section of the report was inaccurate or 22 incomplete? 23 A. I don't recall. 29 would have to look at the bill to the note schedule to make sure I know you presented me 10 schedule to make sure I know you presented me 11 with materiality, but again, there might be a 12 note as of 12/31/18 that somehow was – was 13 under materiality, but again, there might be a 14 with materiality, but again, there might be a 15 under so fill 2/31/18 that somehow was – was 16 under materiality, but again, there might be a 17 note as of 12/31/18 that somehow was – was 18 under materiality, but again, there might be a 19 note as of 12/31/18 that somehow was – was 19 under materiality, but again, there might be a 10 schedule to make sure I know you recall me have a might be a 11 with materiality, but again, there might be a 12 note as of 12/31/18 that somehow was – was 13 under materiality, but again, there might be a 14 onte as of 12/31/18 that somehow was – was 14 don't know. I would need more information. 15 Q. Okay. But without more information. 16 you have no reason to believe anything this 17 section is inaccurate; correct? 18 MS. DANDENEAU: Objection to form. 19 A. I don't. I mean, you know, this was 20 part of the audit. 21 Q. Thank you. Now, you will see if we 22 could scroll just a little bit more that each 23 A. I don't recall. 24 Q. As you sit here today, do you have	3 4 5	 A. – Highland's responsibility. Highland's responsibility. Q. Who, at Highland, was responsible for drafting this section of the audit report? A. I – I don't know the answer to 	2 3 4 5 6	audit report is incomplete or inaccurate in any way? And I'm happy to give you a moment to – to look at it, if you would like. MS. DANDENEAU: Objection to form.	
10 Again, this is where I let the teams 11 manage. And, you know, there may be a 12 corporate accountant who worked on this. I 13 just – you know, I wasn't part of that process 13 under materiality, but again, there might be a 14 to give that person experience. I don't know. 15 Q. Do you recall having any 16 communications with anybody at any time 17 concerning this section of the report? 18 A. Yeah, I don't recall. 19 Q. Do you recall whether you ever told 20 anybody at any time that any aspect of this 21 section of the report was inaccurate or 22 incomplete? 23 A. I don't recall. 24 Q. As you sit here today, do you have 10 schedule to make sure I know you presented me 11 with materiality, but again, there might be a 12 note as of 12/31/18 that somehow was – was 13 under materiality, but again, there might be a 14 with materiality, but again, there might be a 15 note as of 12/31/18 that somehow was – was 16 under materiality not disclosed. I don't – I 17 don't know. I would need more information. 19 Q. Okay. But without more information. 19 you have no reason to believe anything this 20 you have no reason to believe anything this 21 section is inaccurate; correct? 22 mis inaccurate; correct? 23 Da Na De Ne De	3 4 5 6 7	 A Highland's responsibility. Highland's responsibility. Q. Who, at Highland, was responsible for drafting this section of the audit report? A. I - I don't know the answer to that. Again, there was a team who worked on 	2 3 4 5 6 7	audit report is incomplete or inaccurate in any way? And I'm happy to give you a moment to – to look at it, if you would like. MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Same.	
11 manage. And, you know, there may be a 12 corporate accountant who worked on this. I 13 just – you know, I wasn't part of that process 14 to give that person experience. I don't know. 15 Q. Do you recall having any 16 communications with anybody at any time 17 concerning this section of the report? 18 A. Yeah, I don't recall. 19 Q. Do you recall whether you ever told 20 anybody at any time that any aspect of this 21 section of the report was inaccurate or 22 incomplete? 23 A. I don't recall. 21 with materiality, but again, there might be a 12 note as of 12/31/18 that somehow was – was 13 under materiality not disclosed. I don't – I 14 don't know. I would need more information. 15 Q. Okay. But without more information, 16 you have no reason to believe anything this 17 section is inaccurate; correct? 18 MS. DANDENEAU: Objection to form. 19 Q. Do you recall whether you ever told 19 A. I don't. I mean, you know, this was 20 anybody at any time that any aspect of this 21 section of the report was inaccurate or 22 incomplete? 23 A. I don't recall. 24 Q. As you sit here today, do you have 25 specifically the four affiliates that we've	3 4 5 6 7 8	 A. – Highland's responsibility. Highland's responsibility. Q. Who, at Highland, was responsible for drafting this section of the audit report? A. I – I don't know the answer to that. Again, there was a team who worked on this. And I don't know, you know, whether it 	2 3 4 5 6 7 8	audit report is incomplete or inaccurate in any way? And I'm happy to give you a moment to – to look at it, if you would like. MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Same. A. I mean, I would have to look at – I	
12 corporate accountant who worked on this. I 13 just – you know, I wasn't part of that process 14 to give that person experience. I don't know. 15 Q. Do you recall having any 16 communications with anybody at any time 17 concerning this section of the report? 18 A. Yeah, I don't recall. 19 Q. Do you recall whether you ever told 20 anybody at any time that any aspect of this 21 section of the report was inaccurate or 22 incomplete? 23 A. I don't recall. 21 note as of 12/31/18 that somehow was – was 26 under materiality not disclosed. I don't – I 27 don't know. I would need more information. 28 Under materiality not disclosed. I don't – I 29 don't know. I would need more information. 29 Okay. But without more information. 20 Vokay. But without more information. 20 you have no reason to believe anything this 21 section is inaccurate; correct? 29 A. I don't I mean, you know, this was 20 part of the audit. 21 Q. Thank you. Now, you will see if we 22 could scroll just a little bit more that each 23 of the first five paragraphs concerns 24 Specifically the four affiliates that we've	3 4 5 6 7 8 9	A. – Highland's responsibility. Highland's responsibility. Q. Who, at Highland, was responsible for drafting this section of the audit report? A. I – I don't know the answer to that. Again, there was a team who worked on this. And I don't know, you know, whether it was the staff or the manager.	2 3 4 5 6 7 8 9	audit report is incomplete or inaccurate in any way? And I'm happy to give you a moment to – to look at it, if you would like. MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Same. A. I mean, I would have to look at – I would have to look at the bill to the note	
13 just – you know, I wasn't part of that process 14 to give that person experience. I don't know. 15 Q. Do you recall having any 16 communications with anybody at any time 17 concerning this section of the report? 18 A. Yeah, I don't recall. 19 Q. Do you recall whether you ever told 20 anybody at any time that any aspect of this 21 section of the report was inaccurate or 22 incomplete? 23 A. I don't recall. 24 Q. As you sit here today, do you have 25 anybody at experiment of that process 26 anybody at whether today, do you have 27 anybody at any time that each 28 anybody at any time that each 29 anybody at any time that each 20 anybody at any time that any aspect of this 20 gert of the audit. 21 gert of the audit. 22 could scroll just a little bit more that each 23 of the first five paragraphs concerns 24 specifically the four affiliates that we've	3 4 5 6 7 8 9	 A. – Highland's responsibility. Q. Who, at Highland, was responsible for drafting this section of the audit report? A. I – I don't know the answer to that. Again, there was a team who worked on this. And I don't know, you know, whether it was the staff or the manager. Again, this is where I let the teams 	2 3 4 5 6 7 8 9	audit report is incomplete or inaccurate in any way? And I'm happy to give you a moment to – to look at it, if you would like. MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Same. A. I mean, I would have to look at – I would have to look at the bill to the note schedule to make sure I know you presented me	
14 to give that person experience. I don't know. 15 Q. Do you recall having any 16 communications with anybody at any time 17 concerning this section of the report? 18 A. Yeah, I don't recall. 19 Q. Do you recall whether you ever told 20 anybody at any time that any aspect of this 21 section of the report was inaccurate or 22 incomplete? 23 A. I don't recall. 24 Q. As you sit here today, do you have 14 don't know. I would need more information. 15 Q. Okay. But without more information. 16 you have no reason to believe anything this 26 you have no reason to believe anything this 27 section is inaccurate; correct? 28 MS. DANDENEAU: Objection to form. 29 A. I don't. I mean, you know, this was 20 part of the audit. 21 Q. Thank you. Now, you will see if we 22 could scroll just a little bit more that each 23 of the first five paragraphs concerns 24 specifically the four affiliates that we've	3 4 5 6 7 8 9 10	A. – Highland's responsibility. Highland's responsibility. Q. Who, at Highland, was responsible for drafting this section of the audit report? A. I – I don't know the answer to that. Again, there was a team who worked on this. And I don't know, you know, whether it was the staff or the manager. Again, this is where I let the teams manage. And, you know, there may be a	2 3 4 5 6 7 8 9 10	audit report is incomplete or inaccurate in any way? And I'm happy to give you a moment to – to look at it, if you would like. MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Same. A. I mean, I would have to look at – I would have to look at the bill to the note schedule to make sure I know you presented me with materiality, but again, there might be a	
15 Q. Do you recall having any 16 communications with anybody at any time 17 concerning this section of the report? 18 A. Yeah, I don't recall. 19 Q. Do you recall whether you ever told 20 anybody at any time that any aspect of this 21 section of the report was inaccurate or 22 incomplete? 23 A. I don't recall. 26 Q. Okay. But without more information, 17 you have no reason to believe anything this 18 you have no reason to believe anything this 19 you have no reason to believe anything this 10 you have no reason to believe anything this 11 section is inaccurate; correct? 12 MS. DANDENEAU: Objection to form. 13 A. I don't. I mean, you know, this was 24 part of the audit. 25 part of the audit. 26 Q. Thank you. Now, you will see if we 27 could scroll just a little bit more that each 28 of the first five paragraphs concerns 29 of the first five paragraphs concerns 20 specifically the four affiliates that we've	3 4 5 6 7 8 9 10 11 12	A. — Highland's responsibility. Q. Who, at Highland, was responsible for drafting this section of the audit report? A. I—I don't know the answer to that. Again, there was a team who worked on this. And I don't know, you know, whether it was the staff or the manager. Again, this is where I let the teams manage. And, you know, there may be a corporate accountant who worked on this. I	2 3 4 5 6 7 8 9 10 11 12	audit report is incomplete or inaccurate in any way? And I'm happy to give you a moment to – to look at it, if you would like. MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Same. A. I mean, I would have to look at – I would have to look at the bill to the note schedule to make sure I know you presented me with materiality, but again, there might be a note as of 12/31/18 that somehow was – was	
16 communications with anybody at any time 17 concerning this section of the report? 18 A. Yeah, I don't recall. 19 Q. Do you recall whether you ever told 20 anybody at any time that any aspect of this 21 section of the report was inaccurate or 22 incomplete? 23 A. I don't recall. 24 Q. As you sit here today, do you have 25 you have no reason to believe anything this 26 you have no reason to believe anything this 27 section is inaccurate; correct? 28 MS. DANDENEAU: Objection to form. 29 A. I don't. I mean, you know, this was 20 part of the audit. 21 Q. Thank you. Now, you will see if we 22 could scroll just a little bit more that each 23 of the first five paragraphs concerns 24 specifically the four affiliates that we've	3 4 5 6 7 8 9 10 11 12 13	A. – Highland's responsibility. Q. Who, at Highland, was responsible for drafting this section of the audit report? A. I – I don't know the answer to that. Again, there was a team who worked on this. And I don't know, you know, whether it was the staff or the manager. Again, this is where I let the teams manage. And, you know, there may be a corporate accountant who worked on this. I just – you know, I wasn't part of that process	2 3 4 5 6 7 8 9 10 11 12 13	audit report is incomplete or inaccurate in any way? And I'm happy to give you a moment to – to look at it, if you would like. MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Same. A. I mean, I would have to look at – I would have to look at the bill to the note schedule to make sure I know you presented me with materiality, but again, there might be a note as of 12/31/18 that somehow was – was under materiality not disclosed. I don't – I	
17 concerning this section of the report? 18 A. Yeah, I don't recall. 19 Q. Do you recall whether you ever told 20 anybody at any time that any aspect of this 21 section of the report was inaccurate or 22 incomplete? 23 A. I don't recall. 24 Q. As you sit here today, do you have 17 section is inaccurate; correct? 18 MS. DANDENEAU: Objection to form. 19 A. I don't. I mean, you know, this was 20 part of the audit. 21 Q. Thank you. Now, you will see if we 22 could scroll just a little bit more that each 23 of the first five paragraphs concerns 24 specifically the four affiliates that we've	3 4 5 6 7 8 9 10 11 12 13 14	A. — Highland's responsibility. Q. Who, at Highland, was responsible for drafting this section of the audit report? A. I—I don't know the answer to that. Again, there was a team who worked on this. And I don't know, you know, whether it was the staff or the manager. Again, this is where I let the teams manage. And, you know, there may be a corporate accountant who worked on this. I just — you know, I wasn't part of that process to give that person experience. I don't know.	2 3 4 5 6 7 8 9 10 11 12 13 14	audit report is incomplete or inaccurate in any way? And I'm happy to give you a moment to – to look at it, if you would like. MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Same. A. I mean, I would have to look at – I would have to look at the bill to the note schedule to make sure I know you presented me with materiality, but again, there might be a note as of 12/31/18 that somehow was – was under materiality not disclosed. I don't – I don't know. I would need more information.	
18 A. Yeah, I don't recall. 19 Q. Do you recall whether you ever told 20 anybody at any time that any aspect of this 21 section of the report was inaccurate or 22 incomplete? 23 A. I don't recall. 24 Q. As you sit here today, do you have 18 MS. DANDENEAU: Objection to form. 19 A. I don't. I mean, you know, this was 20 part of the audit. 21 Q. Thank you. Now, you will see if we 22 could scroll just a little bit more that each 23 of the first five paragraphs concerns 24 specifically the four affiliates that we've	3 4 5 6 7 8 9 10 11 12 13 14 15	A. — Highland's responsibility. Q. Who, at Highland, was responsible for drafting this section of the audit report? A. I—I don't know the answer to that. Again, there was a team who worked on this. And I don't know, you know, whether it was the staff or the manager. Again, this is where I let the teams manage. And, you know, there may be a corporate accountant who worked on this. I just — you know, I wasn't part of that process to give that person experience. I don't know. Q. Do you recall having any	2 3 4 5 6 7 8 9 10 11 12 13 14 15	audit report is incomplete or inaccurate in any way? And I'm happy to give you a moment to – to look at it, if you would like. MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Same. A. I mean, I would have to look at – I would have to look at the bill to the note schedule to make sure I know you presented me with materiality, but again, there might be a note as of 12/31/18 that somehow was – was under materiality not disclosed. I don't – I don't know. I would need more information. Q. Okay. But without more information,	
19 Q. Do you recall whether you ever told 20 anybody at any time that any aspect of this 21 section of the report was inaccurate or 22 incomplete? 23 A. I don't recall. 24 Q. As you sit here today, do you have 19 A. I don't. I mean, you know, this was 20 part of the audit. 21 Q. Thank you. Now, you will see if we 22 could scroll just a little bit more that each 23 of the first five paragraphs concerns 24 specifically the four affiliates that we've	3 4 5 6 7 8 9 10 11 12 13 14 15 16	A. — Highland's responsibility. Q. Who, at Highland, was responsible for drafting this section of the audit report? A. I—I don't know the answer to that. Again, there was a team who worked on this. And I don't know, you know, whether it was the staff or the manager. Again, this is where I let the teams manage. And, you know, there may be a corporate accountant who worked on this. I just — you know, I wasn't part of that process to give that person experience. I don't know. Q. Do you recall having any communications with anybody at any time	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	audit report is incomplete or inaccurate in any way? And I'm happy to give you a moment to – to look at it, if you would like. MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Same. A. I mean, I would have to look at – I would have to look at the bill to the note schedule to make sure I know you presented me with materiality, but again, there might be a note as of 12/31/18 that somehow was – was under materiality not disclosed. I don't – I don't know. I would need more information. Q. Okay. But without more information, you have no reason to believe anything this	
20 anybody at any time that any aspect of this 21 section of the report was inaccurate or 22 incomplete? 23 A. I don't recall. 24 Q. As you sit here today, do you have 20 part of the audit. 21 Q. Thank you. Now, you will see if we 22 could scroll just a little bit more that each 23 of the first five paragraphs concerns 24 specifically the four affiliates that we've	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	A. — Highland's responsibility. Q. Who, at Highland, was responsible for drafting this section of the audit report? A. I—I don't know the answer to that. Again, there was a team who worked on this. And I don't know, you know, whether it was the staff or the manager. Again, this is where I let the teams manage. And, you know, there may be a corporate accountant who worked on this. I just — you know, I wasn't part of that process to give that person experience. I don't know. Q. Do you recall having any communications with anybody at any time concerning this section of the report?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	audit report is incomplete or inaccurate in any way? And I'm happy to give you a moment to – to look at it, if you would like. MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Same. A. I mean, I would have to look at – I would have to look at the bill to the note schedule to make sure I know you presented me with materiality, but again, there might be a note as of 12/31/18 that somehow was – was under materiality not disclosed. I don't – I don't know. I would need more information. Q. Okay. But without more information, you have no reason to believe anything this section is inaccurate; correct?	
21 section of the report was inaccurate or 22 incomplete? 23 A. I don't recall. 24 Q. As you sit here today, do you have 21 Q. Thank you. Now, you will see if we 22 could scroll just a little bit more that each 23 of the first five paragraphs concerns 24 specifically the four affiliates that we've	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. — Highland's responsibility. Q. Who, at Highland, was responsible for drafting this section of the audit report? A. I—I don't know the answer to that. Again, there was a team who worked on this. And I don't know, you know, whether it was the staff or the manager. Again, this is where I let the teams manage. And, you know, there may be a corporate accountant who worked on this. I just — you know, I wasn't part of that process to give that person experience. I don't know. Q. Do you recall having any communications with anybody at any time concerning this section of the report? A. Yeah, I don't recall.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	audit report is incomplete or inaccurate in any way? And I'm happy to give you a moment to – to look at it, if you would like. MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Same. A. I mean, I would have to look at – I would have to look at the bill to the note schedule to make sure I know you presented me with materiality, but again, there might be a note as of 12/31/18 that somehow was – was under materiality not disclosed. I don't – I don't know. I would need more information. Q. Okay. But without more information, you have no reason to believe anything this section is inaccurate; correct? MS. DANDENEAU: Objection to form.	
22 incomplete? 23 A. I don't recall. 24 Q. As you sit here today, do you have 25 could scroll just a little bit more that each 26 27 could scroll just a little bit more that each 27 28 29 could scroll just a little bit more that each 28 29 20 could scroll just a little bit more that each 29 20 could scroll just a little bit more that each 20 21 22 could scroll just a little bit more that each 20 22 could scroll just a little bit more that each 21 23 24 specifically the four affiliates that we've	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	A. — Highland's responsibility. Q. Who, at Highland, was responsible for drafting this section of the audit report? A. I—I don't know the answer to that. Again, there was a team who worked on this. And I don't know, you know, whether it was the staff or the manager. Again, this is where I let the teams manage. And, you know, there may be a corporate accountant who worked on this. I just — you know, I wasn't part of that process to give that person experience. I don't know. Q. Do you recall having any communications with anybody at any time concerning this section of the report? A. Yeah, I don't recall. Q. Do you recall whether you ever told	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	audit report is incomplete or inaccurate in any way? And I'm happy to give you a moment to – to look at it, if you would like. MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Same. A. I mean, I would have to look at – I would have to look at the bill to the note schedule to make sure I know you presented me with materiality, but again, there might be a note as of 12/31/18 that somehow was – was under materiality not disclosed. I don't – I don't know. I would need more information. Q. Okay. But without more information, you have no reason to believe anything this section is inaccurate; correct? MS. DANDENEAU: Objection to form. A. I don't. I mean, you know, this was	
23 A. I don't recall. 24 Q. As you sit here today, do you have 23 of the first five paragraphs concerns 24 specifically the four affiliates that we've	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	A. — Highland's responsibility. Q. Who, at Highland, was responsible for drafting this section of the audit report? A. I—I don't know the answer to that. Again, there was a team who worked on this. And I don't know, you know, whether it was the staff or the manager. Again, this is where I let the teams manage. And, you know, there may be a corporate accountant who worked on this. I just — you know, I wasn't part of that process to give that person experience. I don't know. Q. Do you recall having any communications with anybody at any time concerning this section of the report? A. Yeah, I don't recall. Q. Do you recall whether you ever told anybody at any time that any aspect of this	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	audit report is incomplete or inaccurate in any way? And I'm happy to give you a moment to – to look at it, if you would like. MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Same. A. I mean, I would have to look at – I would have to look at the bill to the note schedule to make sure I know you presented me with materiality, but again, there might be a note as of 12/31/18 that somehow was – was under materiality not disclosed. I don't – I don't know. I would need more information. Q. Okay. But without more information, you have no reason to believe anything this section is inaccurate; correct? MS. DANDENEAU: Objection to form. A. I don't. I mean, you know, this was part of the audit.	
Q. As you sit here today, do you have 24 specifically the four affiliates that we've	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	A. — Highland's responsibility. Q. Who, at Highland, was responsible for drafting this section of the audit report? A. I—I don't know the answer to that. Again, there was a team who worked on this. And I don't know, you know, whether it was the staff or the manager. Again, this is where I let the teams manage. And, you know, there may be a corporate accountant who worked on this. I just—you know, I wasn't part of that process to give that person experience. I don't know. Q. Do you recall having any communications with anybody at any time concerning this section of the report? A. Yeah, I don't recall. Q. Do you recall whether you ever told anybody at any time that any aspect of this section of the report was inaccurate or	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	audit report is incomplete or inaccurate in any way? And I'm happy to give you a moment to – to look at it, if you would like. MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Same. A. I mean, I would have to look at – I would have to look at the bill to the note schedule to make sure I know you presented me with materiality, but again, there might be a note as of 12/31/18 that somehow was – was under materiality not disclosed. I don't – I don't know. I would need more information. Q. Okay. But without more information, you have no reason to believe anything this section is inaccurate; correct? MS. DANDENEAU: Objection to form. A. I don't. I mean, you know, this was part of the audit. Q. Thank you. Now, you will see if we	
	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. — Highland's responsibility. Q. Who, at Highland, was responsible for drafting this section of the audit report? A. I—I don't know the answer to that. Again, there was a team who worked on this. And I don't know, you know, whether it was the staff or the manager. Again, this is where I let the teams manage. And, you know, there may be a corporate accountant who worked on this. I just — you know, I wasn't part of that process to give that person experience. I don't know. Q. Do you recall having any communications with anybody at any time concerning this section of the report? A. Yeah, I don't recall. Q. Do you recall whether you ever told anybody at any time that any aspect of this section of the report was inaccurate or incomplete?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	audit report is incomplete or inaccurate in any way? And I'm happy to give you a moment to – to look at it, if you would like. MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Same. A. I mean, I would have to look at – I would have to look at the bill to the note schedule to make sure I know you presented me with materiality, but again, there might be a note as of 12/31/18 that somehow was – was under materiality not disclosed. I don't – I don't know. I would need more information. Q. Okay. But without more information, you have no reason to believe anything this section is inaccurate; correct? MS. DANDENEAU: Objection to form. A. I don't. I mean, you know, this was part of the audit. Q. Thank you. Now, you will see if we could scroll just a little bit more that each	
25 arry reason to believe that this section of the 25 been discussing and Mr. Dondero.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. – Highland's responsibility. Q. Who, at Highland, was responsible for drafting this section of the audit report? A. I – I don't know the answer to that. Again, there was a team who worked on this. And I don't know, you know, whether it was the staff or the manager. Again, this is where I let the teams manage. And, you know, there may be a corporate accountant who worked on this. I just – you know, I wasn't part of that process to give that person experience. I don't know. Q. Do you recall having any communications with anybody at any time concerning this section of the report? A. Yeah, I don't recall. Q. Do you recall whether you ever told anybody at any time that any aspect of this section of the report was inaccurate or incomplete? A. I don't recall.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	audit report is incomplete or inaccurate in any way? And I'm happy to give you a moment to – to look at it, if you would like. MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Same. A. I mean, I would have to look at – I would have to look at the bill to the note schedule to make sure I know you presented me with materiality, but again, there might be a note as of 12/31/18 that somehow was – was under materiality not disclosed. I don't – I don't know. I would need more information. Q. Okay. But without more information, you have no reason to believe anything this section is inaccurate; correct? MS. DANDENEAU: Objection to form. A. I don't. I mean, you know, this was part of the audit. Q. Thank you. Now, you will see if we could scroll just a little bit more that each of the first five paragraphs concerns	
	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	A. — Highland's responsibility. Q. Who, at Highland, was responsible for drafting this section of the audit report? A. I—I don't know the answer to that. Again, there was a team who worked on this. And I don't know, you know, whether it was the staff or the manager. Again, this is where I let the teams manage. And, you know, there may be a corporate accountant who worked on this. I just—you know, I wasn't part of that process to give that person experience. I don't know. Q. Do you recall having any communications with anybody at any time concerning this section of the report? A. Yeah, I don't recall. Q. Do you recall whether you ever told anybody at any time that any aspect of this section of the report was inaccurate or incomplete? A. I don't recall. Q. As you sit here today, do you have	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	audit report is incomplete or inaccurate in any way? And I'm happy to give you a moment to – to look at it, if you would like. MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Same. A. I mean, I would have to look at – I would have to look at the bill to the note schedule to make sure I know you presented me with materiality, but again, there might be a note as of 12/31/18 that somehow was – was under materiality not disclosed. I don't – I don't know. I would need more information. Q. Okay. But without more information, you have no reason to believe anything this section is inaccurate; correct? MS. DANDENEAU: Objection to form. A. I don't. I mean, you know, this was part of the audit. Q. Thank you. Now, you will see if we could scroll just a little bit more that each of the first five paragraphs concerns specifically the four affiliates that we've	

Page 118 1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21	Page 119
2 MR. MORRIS: If we could go the	2 value is the line item that you showed me	
3 other way, La Asia. We don't need Okada.	3 earlier that is in Notes and Other Amounts Due	
4 We're going to have to thread the needle.	4 from Affiliates.	
5 Okay. Good, perfect.	5 Q. Okay. Is another way to say this is	
6 Q. Do you see those five paragraphs	6 that the fair market value of the notes equals	
7 certain the four affiliates and Mr. Dondero as	7 the principal amount and – withdrawn.	
8 we've been referring to today?	8 Is the fair way to interpret this	
9 A. Yes.	9 that the fair market value of the notes equals	
10 Q. Okay. And do you see at the end of	10 all remaining unpaid principal and interest due	
11 every paragraph it states, quote: A fair value	11 under the notes?	
	 MS. DANDENEAU: Object to the form. MS. DEITSCH-PEREZ: Objection, form. 	
13 approximates the carrying value of the notes14 receivable?	14 A. I don't know the answer to that,	
	,	
15 A. Yes, I see that.	15 because I don't recall where – where any –	
16 Q. Do you have an understanding of what	16 where – in what line item was the interest	
17 that means?	17 component reported.	
18 A. Yes.	18 Q. All right. Well, if we look in this	
19 Q. What is your understanding of that	19 audit report, you will see in the middle of the	
20 sentence?	20 first paragraph, for example, it states that as	
21 A. It is the – again, the – the fair	21 of December 31st, 2018, total interest and	
22 value, right, which is – which is what the –	22 principal due on outstanding promissory notes	
23 what Highland could sell that asset for. This	23 was approximately \$5.3 million.	
24 statement is comparing the fair value of the	24 Do you see that?	
25 notes to the carrying value, so the carrying	25 A. I do.	
Page 120		Page 121
	1 WATERHOUSE - 10-19-21	
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21 2 look I mean if you – I mean if you are	
1 WATERHOUSE - 10-19-21 2 Q. Is that the carrying value or the	2 look, I mean, if you – I mean, if you are	
1 WATERHOUSE - 10-19-21 2 Q. Is that the carrying value or the 3 fair value?	2 look, I mean, if you – I mean, if you are 3 saying the 5.3 million is in the notes and	
1 WATERHOUSE - 10-19-21 2 Q. Is that the carrying value or the 3 fair value? 4 A. That would be the carrying value —	 2 look, I mean, if you – I mean, if you are 3 saying the 5.3 million is in the notes and 4 other amounts due from affiliates, then the 	
1 WATERHOUSE - 10-19-21 2 Q. Is that the carrying value or the 3 fair value? 4 A. That would be the carrying value — 5 Q. And is the last —	 2 look, I mean, if you – I mean, if you are 3 saying the 5.3 million is in the notes and 4 other amounts due from affiliates, then the 5 last statement is saying the fair value 	
1 WATERHOUSE - 10-19-21 2 Q. Is that the carrying value or the 3 fair value? 4 A. That would be the carrying value – 5 Q. And is the last – 6 A. – in my opinion.	 2 look, I mean, if you – I mean, if you are 3 saying the 5.3 million is in the notes and 4 other amounts due from affiliates, then the 5 last statement is saying the fair value 6 approximates 5.3 million. That is what that 	
1 WATERHOUSE - 10-19-21 2 Q. Is that the carrying value or the 3 fair value? 4 A. That would be the carrying value 5 Q. And is the last 6 A in my opinion. 7 Q. Okay. And it is in your opinion as	 2 look, I mean, if you – I mean, if you are 3 saying the 5.3 million is in the notes and 4 other amounts due from affiliates, then the 5 last statement is saying the fair value 6 approximates 5.3 million. That is what that 7 last sentence is saying. 	
1 WATERHOUSE - 10-19-21 2 Q. Is that the carrying value or the 3 fair value? 4 A. That would be the carrying value — 5 Q. And is the last — 6 A. — in my opinion. 7 Q. Okay. And it is in your opinion as 8 the chief financial officer of Highland during	 2 look, I mean, if you – I mean, if you are 3 saying the 5.3 million is in the notes and 4 other amounts due from affiliates, then the 5 last statement is saying the fair value 6 approximates 5.3 million. That is what that 7 last sentence is saying. 8 Q. Do you see in the middle of the 	
1 WATERHOUSE - 10-19-21 2 Q. Is that the carrying value or the 3 fair value? 4 A. That would be the carrying value – 5 Q. And is the last – 6 A. – in my opinion. 7 Q. Okay. And it is in your opinion as 8 the chief financial officer of Highland during 9 the period of time that you described; right?	 2 look, I mean, if you – I mean, if you are 3 saying the 5.3 million is in the notes and 4 other amounts due from affiliates, then the 5 last statement is saying the fair value 6 approximates 5.3 million. That is what that 7 last sentence is saying. 8 Q. Do you see in the middle of the 9 first paragraph – not in the middle, the next 	
1 WATERHOUSE - 10-19-21 2 Q. Is that the carrying value or the 3 fair value? 4 A. That would be the carrying value — 5 Q. And is the last — 6 A. — in my opinion. 7 Q. Okay. And it is in your opinion as 8 the chief financial officer of Highland during 9 the period of time that you described; right? 10 It is an educated opinion?	2 look, I mean, if you – I mean, if you are 3 saying the 5.3 million is in the notes and 4 other amounts due from affiliates, then the 5 last statement is saying the fair value 6 approximates 5.3 million. That is what that 7 last sentence is saying. 8 Q. Do you see in the middle of the 9 first paragraph – not in the middle, the next 10 to last sentence there is a statement that the	
1 WATERHOUSE - 10-19-21 2 Q. Is that the carrying value or the 3 fair value? 4 A. That would be the carrying value — 5 Q. And is the last — 6 A. — in my opinion. 7 Q. Okay. And it is in your opinion as 8 the chief financial officer of Highland during 9 the period of time that you described; right? 10 It is an educated opinion? 11 A. I'm reading this at face value. I'm	 look, I mean, if you – I mean, if you are saying the 5.3 million is in the notes and other amounts due from affiliates, then the last statement is saying the fair value approximates 5.3 million. That is what that last sentence is saying. Q. Do you see in the middle of the first paragraph – not in the middle, the next to last sentence there is a statement that the partnership will not demand payment on amounts 	
1 WATERHOUSE - 10-19-21 2 Q. Is that the carrying value or the 3 fair value? 4 A. That would be the carrying value – 5 Q. And is the last – 6 A. – in my opinion. 7 Q. Okay. And it is in your opinion as 8 the chief financial officer of Highland during 9 the period of time that you described; right? 10 It is an educated opinion? 11 A. I'm reading this at face value. I'm 12 taking that as that is carrying value.	2 look, I mean, if you – I mean, if you are 3 saying the 5.3 million is in the notes and 4 other amounts due from affiliates, then the 5 last statement is saying the fair value 6 approximates 5.3 million. That is what that 7 last sentence is saying. 8 Q. Do you see in the middle of the 9 first paragraph – not in the middle, the next 10 to last sentence there is a statement that the 11 partnership will not demand payment on amounts 12 that exceed HCMFA's excess cash availability	
1 WATERHOUSE - 10-19-21 2 Q. Is that the carrying value or the 3 fair value? 4 A. That would be the carrying value — 5 Q. And is the last — 6 A. — in my opinion. 7 Q. Okay. And it is in your opinion as 8 the chief financial officer of Highland during 9 the period of time that you described; right? 10 It is an educated opinion? 11 A. I'm reading this at face value. I'm 12 taking that as that is carrying value. 13 Q. Okay. And does the last sentence	2 look, I mean, if you – I mean, if you are 3 saying the 5.3 million is in the notes and 4 other amounts due from affiliates, then the 5 last statement is saying the fair value 6 approximates 5.3 million. That is what that 7 last sentence is saying. 8 Q. Do you see in the middle of the 9 first paragraph – not in the middle, the next 10 to last sentence there is a statement that the 11 partnership will not demand payment on amounts 12 that exceed HCMFA's excess cash availability 13 prior to May 31st, 2021.	
1 WATERHOUSE - 10-19-21 2 Q. Is that the carrying value or the 3 fair value? 4 A. That would be the carrying value — 5 Q. And is the last — 6 A. — in my opinion. 7 Q. Okay. And it is in your opinion as 8 the chief financial officer of Highland during 9 the period of time that you described; right? 10 It is an educated opinion? 11 A. I'm reading this at face value. I'm 12 taking that as that is carrying value. 13 Q. Okay. And does the last sentence 14 say that the carrying value is roughly	 look, I mean, if you – I mean, if you are saying the 5.3 million is in the notes and other amounts due from affiliates, then the last statement is saying the fair value approximates 5.3 million. That is what that last sentence is saying. Q. Do you see in the middle of the first paragraph – not in the middle, the next to last sentence there is a statement that the partnership will not demand payment on amounts that exceed HCMFA's excess cash availability prior to May 31st, 2021. Do you see that? 	
1 WATERHOUSE - 10-19-21 2 Q. Is that the carrying value or the 3 fair value? 4 A. That would be the carrying value – 5 Q. And is the last – 6 A. – in my opinion. 7 Q. Okay. And it is in your opinion as 8 the chief financial officer of Highland during 9 the period of time that you described; right? 10 It is an educated opinion? 11 A. I'm reading this at face value. I'm 12 taking that as that is carrying value. 13 Q. Okay. And does the last sentence 14 say that the carrying value is roughly 15 approximate to the fair market value?	2 look, I mean, if you – I mean, if you are 3 saying the 5.3 million is in the notes and 4 other amounts due from affiliates, then the 5 last statement is saying the fair value 6 approximates 5.3 million. That is what that 7 last sentence is saying. 8 Q. Do you see in the middle of the 9 first paragraph – not in the middle, the next 10 to last sentence there is a statement that the 11 partnership will not demand payment on amounts 12 that exceed HCMFA's excess cash availability 13 prior to May 31st, 2021. 14 Do you see that? 15 A. I do.	
1 WATERHOUSE - 10-19-21 2 Q. Is that the carrying value or the 3 fair value? 4 A. That would be the carrying value — 5 Q. And is the last — 6 A. — in my opinion. 7 Q. Okay. And it is in your opinion as 8 the chief financial officer of Highland during 9 the period of time that you described; right? 10 It is an educated opinion? 11 A. I'm reading this at face value. I'm 12 taking that as that is carrying value. 13 Q. Okay. And does the last sentence 14 say that the carrying value is roughly 15 approximate to the fair market value? 16 MS. DANDENEAU: Objection to form.	2 look, I mean, if you – I mean, if you are 3 saying the 5.3 million is in the notes and 4 other amounts due from affiliates, then the 5 last statement is saying the fair value 6 approximates 5.3 million. That is what that 7 last sentence is saying. 8 Q. Do you see in the middle of the 9 first paragraph – not in the middle, the next 10 to last sentence there is a statement that the 11 partnership will not demand payment on amounts 12 that exceed HCMFA's excess cash availability 13 prior to May 31st, 2021. 14 Do you see that? 15 A. I do. 16 Q. Do you know when Highland agreed not	
1 WATERHOUSE - 10-19-21 2 Q. Is that the carrying value or the 3 fair value? 4 A. That would be the carrying value 5 Q. And is the last 6 A in my opinion. 7 Q. Okay. And it is in your opinion as 8 the chief financial officer of Highland during 9 the period of time that you described; right? 10 It is an educated opinion? 11 A. I'm reading this at face value. I'm 12 taking that as that is carrying value. 13 Q. Okay. And does the last sentence 14 say that the carrying value is roughly 15 approximate to the fair market value? 16 MS. DANDENEAU: Objection to form. 17 MS. DEITSCH-PEREZ: Objection, form.	2 look, I mean, if you – I mean, if you are 3 saying the 5.3 million is in the notes and 4 other amounts due from affiliates, then the 5 last statement is saying the fair value 6 approximates 5.3 million. That is what that 7 last sentence is saying. 8 Q. Do you see in the middle of the 9 first paragraph – not in the middle, the next 10 to last sentence there is a statement that the 11 partnership will not demand payment on amounts 12 that exceed HCMFA's excess cash availability 13 prior to May 31st, 2021. 14 Do you see that? 15 A. I do. 16 Q. Do you know when Highland agreed not 17 to demand payment as described in that	
1 WATERHOUSE - 10-19-21 2 Q. Is that the carrying value or the 3 fair value? 4 A. That would be the carrying value – 5 Q. And is the last – 6 A. – in my opinion. 7 Q. Okay. And it is in your opinion as 8 the chief financial officer of Highland during 9 the period of time that you described; right? 10 It is an educated opinion? 11 A. I'm reading this at face value. I'm 12 taking that as that is carrying value. 13 Q. Okay. And does the last sentence 14 say that the carrying value is roughly 15 approximate to the fair market value? 16 MS. DANDENEAU: Objection to form. 17 MS. DEITSCH-PEREZ: Objection, form. 18 A. Again, this note to the financial	2 look, I mean, if you – I mean, if you are 3 saying the 5.3 million is in the notes and 4 other amounts due from affiliates, then the 5 last statement is saying the fair value 6 approximates 5.3 million. That is what that 7 last sentence is saying. 8 Q. Do you see in the middle of the 9 first paragraph – not in the middle, the next 10 to last sentence there is a statement that the 11 partnership will not demand payment on amounts 12 that exceed HCMFA's excess cash availability 13 prior to May 31st, 2021. 14 Do you see that? 15 A. I do. 16 Q. Do you know when Highland agreed not 17 to demand payment as described in that 18 sentence?	
1 WATERHOUSE - 10-19-21 2 Q. Is that the carrying value or the 3 fair value? 4 A. That would be the carrying value — 5 Q. And is the last — 6 A. — in my opinion. 7 Q. Okay. And it is in your opinion as 8 the chief financial officer of Highland during 9 the period of time that you described; right? 10 It is an educated opinion? 11 A. I'm reading this at face value. I'm 12 taking that as that is carrying value. 13 Q. Okay. And does the last sentence 14 say that the carrying value is roughly 15 approximate to the fair market value? 16 MS. DANDENEAU: Objection to form. 17 MS. DEITSCH-PEREZ: Objection, form. 18 A. Again, this note to the financial 19 statement is specific to notes and other	2 look, I mean, if you – I mean, if you are 3 saying the 5.3 million is in the notes and 4 other amounts due from affiliates, then the 5 last statement is saying the fair value 6 approximates 5.3 million. That is what that 7 last sentence is saying. 8 Q. Do you see in the middle of the 9 first paragraph – not in the middle, the next 10 to last sentence there is a statement that the 11 partnership will not demand payment on amounts 12 that exceed HCMFA's excess cash availability 13 prior to May 31st, 2021. 14 Do you see that? 15 A. I do. 16 Q. Do you know when Highland agreed not 17 to demand payment as described in that 18 sentence? 19 A. I don't know specifically.	
1 WATERHOUSE - 10-19-21 2 Q. Is that the carrying value or the 3 fair value? 4 A. That would be the carrying value — 5 Q. And is the last — 6 A. — in my opinion. 7 Q. Okay. And it is in your opinion as 8 the chief financial officer of Highland during 9 the period of time that you described; right? 10 It is an educated opinion? 11 A. I'm reading this at face value. I'm 12 taking that as that is carrying value. 13 Q. Okay. And does the last sentence 14 say that the carrying value is roughly 15 approximate to the fair market value? 16 MS. DANDENEAU: Objection to form. 17 MS. DEITSCH-PEREZ: Objection, form. 18 A. Again, this note to the financial 19 statement is specific to notes and other 20 amounts due from affiliates.	2 look, I mean, if you – I mean, if you are 3 saying the 5.3 million is in the notes and 4 other amounts due from affiliates, then the 5 last statement is saying the fair value 6 approximates 5.3 million. That is what that 7 last sentence is saying. 8 Q. Do you see in the middle of the 9 first paragraph – not in the middle, the next 10 to last sentence there is a statement that the 11 partnership will not demand payment on amounts 12 that exceed HCMFA's excess cash availability 13 prior to May 31st, 2021. 14 Do you see that? 15 A. I do. 16 Q. Do you know when Highland agreed not 17 to demand payment as described in that 18 sentence? 19 A. I don't know specifically. 20 Q. Do you know why Highland agreed not	
1 WATERHOUSE - 10-19-21 2 Q. Is that the carrying value or the 3 fair value? 4 A. That would be the carrying value 5 Q. And is the last 6 A. — in my opinion. 7 Q. Okay. And it is in your opinion as 8 the chief financial officer of Highland during 9 the period of time that you described; right? 10 It is an educated opinion? 11 A. I'm reading this at face value. I'm 12 taking that as that is carrying value. 13 Q. Okay. And does the last sentence 14 say that the carrying value is roughly 15 approximate to the fair market value? 16 MS. DANDENEAU: Objection to form. 17 MS. DEITSCH-PEREZ: Objection, form. 18 A. Again, this note to the financial 19 statement is specific to notes and other 20 amounts due from affiliates. 21 Q. Correct.	2 look, I mean, if you – I mean, if you are 3 saying the 5.3 million is in the notes and 4 other amounts due from affiliates, then the 5 last statement is saying the fair value 6 approximates 5.3 million. That is what that 7 last sentence is saying. 8 Q. Do you see in the middle of the 9 first paragraph – not in the middle, the next 10 to last sentence there is a statement that the 11 partnership will not demand payment on amounts 12 that exceed HCMFA's excess cash availability 13 prior to May 31st, 2021. 14 Do you see that? 15 A. I do. 16 Q. Do you know when Highland agreed not 17 to demand payment as described in that 18 sentence? 19 A. I don't know specifically. 20 Q. Do you know why Highland agreed not 21 to demand payment on HCMFA's notes until May	
1 WATERHOUSE - 10-19-21 2 Q. Is that the carrying value or the 3 fair value? 4 A. That would be the carrying value — 5 Q. And is the last — 6 A. — in my opinion. 7 Q. Okay. And it is in your opinion as 8 the chief financial officer of Highland during 9 the period of time that you described; right? 10 It is an educated opinion? 11 A. I'm reading this at face value. I'm 12 taking that as that is carrying value. 13 Q. Okay. And does the last sentence 14 say that the carrying value is roughly 15 approximate to the fair market value? 16 MS. DANDENEAU: Objection to form. 17 MS. DEITSCH-PEREZ: Objection, form. 18 A. Again, this note to the financial 19 statement is specific to notes and other 20 amounts due from affiliates. 21 Q. Correct. 22 A. If the interest component is	2 look, I mean, if you – I mean, if you are 3 saying the 5.3 million is in the notes and 4 other amounts due from affiliates, then the 5 last statement is saying the fair value 6 approximates 5.3 million. That is what that 7 last sentence is saying. 8 Q. Do you see in the middle of the 9 first paragraph – not in the middle, the next 10 to last sentence there is a statement that the 11 partnership will not demand payment on amounts 12 that exceed HCMFA's excess cash availability 13 prior to May 31st, 2021. 14 Do you see that? 15 A. I do. 16 Q. Do you know when Highland agreed not 17 to demand payment as described in that 18 sentence? 19 A. I don't know specifically. 20 Q. Do you know why Highland agreed not 21 to demand payment on HCMFA's notes until May 22 2021?	
1 WATERHOUSE - 10-19-21 2 Q. Is that the carrying value or the 3 fair value? 4 A. That would be the carrying value — 5 Q. And is the last — 6 A. — in my opinion. 7 Q. Okay. And it is in your opinion as 8 the chief financial officer of Highland during 9 the period of time that you described; right? 10 It is an educated opinion? 11 A. I'm reading this at face value. I'm 12 taking that as that is carrying value. 13 Q. Okay. And does the last sentence 14 say that the carrying value is roughly 15 approximate to the fair market value? 16 MS. DANDENEAU: Objection to form. 17 MS. DEITSCH-PEREZ: Objection, form. 18 A. Again, this note to the financial 19 statement is specific to notes and other 20 amounts due from affiliates. 21 Q. Correct. 22 A. If the interest component is 23 reported elsewhere on the balance sheet, you	2 look, I mean, if you – I mean, if you are 3 saying the 5.3 million is in the notes and 4 other amounts due from affiliates, then the 5 last statement is saying the fair value 6 approximates 5.3 million. That is what that 7 last sentence is saying. 8 Q. Do you see in the middle of the 9 first paragraph – not in the middle, the next 10 to last sentence there is a statement that the 11 partnership will not demand payment on amounts 12 that exceed HCMFA's excess cash availability 13 prior to May 31st, 2021. 14 Do you see that? 15 A. I do. 16 Q. Do you know when Highland agreed not 17 to demand payment as described in that 18 sentence? 19 A. I don't know specifically. 20 Q. Do you know why Highland agreed not 21 to demand payment on HCMFA's notes until May 22 2021? 23 A. Yes.	
1 WATERHOUSE - 10-19-21 2 Q. Is that the carrying value or the 3 fair value? 4 A. That would be the carrying value — 5 Q. And is the last — 6 A. — in my opinion. 7 Q. Okay. And it is in your opinion as 8 the chief financial officer of Highland during 9 the period of time that you described; right? 10 It is an educated opinion? 11 A. I'm reading this at face value. I'm 12 taking that as that is carrying value. 13 Q. Okay. And does the last sentence 14 say that the carrying value is roughly 15 approximate to the fair market value? 16 MS. DANDENEAU: Objection to form. 17 MS. DEITSCH-PEREZ: Objection, form. 18 A. Again, this note to the financial 19 statement is specific to notes and other 20 amounts due from affiliates. 21 Q. Correct. 22 A. If the interest component is	2 look, I mean, if you – I mean, if you are 3 saying the 5.3 million is in the notes and 4 other amounts due from affiliates, then the 5 last statement is saying the fair value 6 approximates 5.3 million. That is what that 7 last sentence is saying. 8 Q. Do you see in the middle of the 9 first paragraph – not in the middle, the next 10 to last sentence there is a statement that the 11 partnership will not demand payment on amounts 12 that exceed HCMFA's excess cash availability 13 prior to May 31st, 2021. 14 Do you see that? 15 A. I do. 16 Q. Do you know when Highland agreed not 17 to demand payment as described in that 18 sentence? 19 A. I don't know specifically. 20 Q. Do you know why Highland agreed not 21 to demand payment on HCMFA's notes until May 22 2021?	

		Dogg 102
Page 122 1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21	Page 123
2 decision was made as to not put HCMFA into a	2 remember exactly - I don't remember if it was	
3 position where it didn't have sufficient assets	3 myself or – or Jim Dondero who – who – there	
4 to pay for the demand note.	4 was – there was something signed, from what I	
5 Q. And at the time the agreement was	5 recall, that that that backed up this	
6 entered into, pursuant to which the partnership	6 line item in the in the notes I'm look,	
7 wouldn't demand payment, did HCMFA have	7 l'm, l'm –	
8 insufficient assets to satisfy the notes if a	8 Q. We will get to that.	
9 demand had been made?	9 A. You –	
10 MS. DANDENEAU: Objection to form.	10 Q. I'm just	
11 A. I don't have HCMFA's financial	11 A. You have – I mean –	
12 statements in front of me as of 12/31/18.	12 Q. We're going to give that to you.	
13 Q. Was there a concern that HCMFA would	13 I'm going to give that to you.	
14 be unable to satisfy its demands under the	14 A. You – you – you have all the	
15 notes if demand was made?	15 documents. I don't have the documents, and	
16 MS. DANDENEAU: Objection to form.	16 that is what makes it so hard. I don't have	
17 A. Well, there is – I don't recall –	17 any documents to prepare for this deposition;	
18 I mean, there is something, right, in place to	18 right? You have all I don't I don't I	
19 basically not demand payment until May 31, 2021	19 don't remember, but, you know, again, it would	
20 as detailed here.	20 probably be myself or Jim.	
21 Q. And who made the decision to enter	21 Q. Do you know if Highland received	
22 into – who made the decision on behalf of	22 anything in return for its agreement not to	
23 Highland not to demand payment until May 31st,	23 make a demand for two years?	
24 2021?	24 A. I don't – I don't think it referred	
25 A. I'm trying to remember. I don't	25 anything.	
Page 124		Page 125
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21	
2 Q. And did you and Mr. Dondero discuss	2 Allocation Fund, which was a – a fund managed	
3 HCMFA's ability to satisfy the notes if a	3 by Highland Capital Management Fund Advisors.	
4 demand was made at the time this agreement was	4 There was a we I'm just telling you,	
4 demand was made at the time this agreement was 5 entered into?	 4 There was a – we – I'm just telling you, 5 there was – there was – there was a – a 	
 4 demand was made at the time this agreement was 5 entered into? 6 MS. DANDENEAU: Objection to form. 	 4 There was a – we – I'm just telling you, 5 there was – there was – there was a – a 6 ultimately a NAV error found in this fund while 	
 4 demand was made at the time this agreement was 5 entered into? 6 MS. DANDENEAU: Objection to form. 7 A. I don't – I don't recall 	 4 There was a – we – I'm just telling you, 5 there was – there was – there was a – a 6 ultimately a NAV error found in this fund while 7 it was an open-ended fund and, you know, there 	
4 demand was made at the time this agreement was 5 entered into? 6 MS. DANDENEAU: Objection to form. 7 A. I don't – I don't recall 8 having a specific conversation, if I did, or –	 4 There was a – we – I'm just telling you, 5 there was – there was – there was a – a 6 ultimately a NAV error found in this fund while 7 it was an open-ended fund and, you know, there 8 were amounts owed by the advisor in – in 	
4 demand was made at the time this agreement was 5 entered into? 6 MS. DANDENEAU: Objection to form. 7 A. I don't – I don't – I don't recall 8 having a specific conversation, if I did, or – 9 or David Klos.	4 There was a – we – I'm just telling you, 5 there was – there was – there was a – a 6 ultimately a NAV error found in this fund while 7 it was an open-ended fund and, you know, there 8 were amounts owed by the advisor in – in 9 relation to that NAV error.	
4 demand was made at the time this agreement was 5 entered into? 6 MS. DANDENEAU: Objection to form. 7 A. I don't – I don't recall 8 having a specific conversation, if I did, or – 9 or David Klos. 10 Q. Okay. I'm just asking if you recall	 4 There was a – we – I'm just telling you, 5 there was – there was – there was a – a 6 ultimately a NAV error found in this fund while 7 it was an open-ended fund and, you know, there 8 were amounts owed by the advisor in – in 9 relation to that NAV error. 10 There were also, for the same fund, 	
4 demand was made at the time this agreement was 5 entered into? 6 MS. DANDENEAU: Objection to form. 7 A. I don't – I don't recall 8 having a specific conversation, if I did, or – 9 or David Klos. 10 Q. Okay. I'm just asking if you recall 11 any conversations that you had.	 4 There was a – we – I'm just telling you, 5 there was – there was – there was a – a 6 ultimately a NAV error found in this fund while 7 it was an open-ended fund and, you know, there 8 were amounts owed by the advisor in – in 9 relation to that NAV error. 10 There were also, for the same fund, 11 that same fund was ongoing an 	
4 demand was made at the time this agreement was 5 entered into? 6 MS. DANDENEAU: Objection to form. 7 A. I don't – I don't – I don't recall 8 having a specific conversation, if I did, or – 9 or David Klos. 10 Q. Okay. I'm just asking if you recall 11 any conversations that you had. 12 A. I don't recall.	4 There was a – we – I'm just telling you, 5 there was – there was – there was a – a 6 ultimately a NAV error found in this fund while 7 it was an open-ended fund and, you know, there 8 were amounts owed by the advisor in – in 9 relation to that NAV error. 10 There were also, for the same fund, 11 that same fund was ongoing an 12 open-end-to-close-end conversion, and as part	
4 demand was made at the time this agreement was 5 entered into? 6 MS. DANDENEAU: Objection to form. 7 A. I don't – I don't recall 8 having a specific conversation, if I did, or – 9 or David Klos. 10 Q. Okay. I'm just asking if you recall 11 any conversations that you had. 12 A. I don't recall. 13 Q. Okay. Do you know why Highland	4 There was a – we – I'm just telling you, 5 there was – there was – there was a – a 6 ultimately a NAV error found in this fund while 7 it was an open-ended fund and, you know, there 8 were amounts owed by the advisor in – in 9 relation to that NAV error. 10 There were also, for the same fund, 11 that same fund was ongoing an 12 open-end-to-close-end conversion, and as part 13 of that proposal, shareholders who voted for	
4 demand was made at the time this agreement was 5 entered into? 6 MS. DANDENEAU: Objection to form. 7 A. I don't – I don't recall 8 having a specific conversation, if I did, or – 9 or David Klos. 10 Q. Okay. I'm just asking if you recall 11 any conversations that you had. 12 A. I don't recall. 13 Q. Okay. Do you know why Highland 14 loaned the money to HCMFA that is the subject	4 There was a – we – I'm just telling you, 5 there was – there was – there was a – a 6 ultimately a NAV error found in this fund while 7 it was an open-ended fund and, you know, there 8 were amounts owed by the advisor in – in 9 relation to that NAV error. 10 There were also, for the same fund, 11 that same fund was ongoing an 12 open-end-to-close-end conversion, and as part 13 of that proposal, shareholders who voted for 14 the conversion received compensation from the	
4 demand was made at the time this agreement was 5 entered into? 6 MS. DANDENEAU: Objection to form. 7 A. I don't – I don't – I don't recall 8 having a specific conversation, if I did, or – 9 or David Klos. 10 Q. Okay. I'm just asking if you recall 11 any conversations that you had. 12 A. I don't recall. 13 Q. Okay. Do you know why Highland 14 loaned the money to HCMFA that is the subject 15 of the notes described in this paragraph?	4 There was a – we – I'm just telling you, 5 there was – there was – there was a – a 6 ultimately a NAV error found in this fund while 7 it was an open-ended fund and, you know, there 8 were amounts owed by the advisor in – in 9 relation to that NAV error. 10 There were also, for the same fund, 11 that same fund was ongoing an 12 open-end-to-close-end conversion, and as part 13 of that proposal, shareholders who voted for 14 the conversion received compensation from the 15 advisor.	
4 demand was made at the time this agreement was 5 entered into? 6 MS. DANDENEAU: Objection to form. 7 A. I don't – I don't recall 8 having a specific conversation, if I did, or – 9 or David Klos. 10 Q. Okay. I'm just asking if you recall 11 any conversations that you had. 12 A. I don't recall. 13 Q. Okay. Do you know why Highland 14 loaned the money to HCMFA that is the subject 15 of the notes described in this paragraph? 16 A. I don't remember specifically why	4 There was a – we – I'm just telling you, 5 there was – there was – there was a – a 6 ultimately a NAV error found in this fund while 7 it was an open-ended fund and, you know, there 8 were amounts owed by the advisor in – in 9 relation to that NAV error. 10 There were also, for the same fund, 11 that same fund was ongoing an 12 open-end-to-close-end conversion, and as part 13 of that proposal, shareholders who voted for 14 the conversion received compensation from the 15 advisor. 16 Q. All right. Now, the events that	
4 demand was made at the time this agreement was 5 entered into? 6 MS. DANDENEAU: Objection to form. 7 A. I don't – I don't recall 8 having a specific conversation, if I did, or – 9 or David Klos. 10 Q. Okay. I'm just asking if you recall 11 any conversations that you had. 12 A. I don't recall. 13 Q. Okay. Do you know why Highland 14 loaned the money to HCMFA that is the subject 15 of the notes described in this paragraph? 16 A. I don't remember specifically why 17 5.3 million was loaned. I mean, I – it would	 4 There was a – we – I'm just telling you, 5 there was – there was – there was a – a 6 ultimately a NAV error found in this fund while 7 it was an open-ended fund and, you know, there 8 were amounts owed by the advisor in – in 9 relation to that NAV error. 10 There were also, for the same fund, 11 that same fund was ongoing an 12 open-end-to-close-end conversion, and as part 13 of that proposal, shareholders who voted for 14 the conversion received compensation from the 15 advisor. 16 Q. All right. Now, the events that 17 you're describing occurred in the spring of 	
4 demand was made at the time this agreement was 5 entered into? 6 MS. DANDENEAU: Objection to form. 7 A. I don't – I don't – I don't recall 8 having a specific conversation, if I did, or – 9 or David Klos. 10 Q. Okay. I'm just asking if you recall 11 any conversations that you had. 12 A. I don't recall. 13 Q. Okay. Do you know why Highland 14 loaned the money to HCMFA that is the subject 15 of the notes described in this paragraph? 16 A. I don't remember specifically why 17 5.3 million was loaned. I mean, I – it would 18 have to be put in the context.	4 There was a – we – I'm just telling you, 5 there was – there was – there was a – a 6 ultimately a NAV error found in this fund while 7 it was an open-ended fund and, you know, there 8 were amounts owed by the advisor in – in 9 relation to that NAV error. 10 There were also, for the same fund, 11 that same fund was ongoing an 12 open-end-to-close-end conversion, and as part 13 of that proposal, shareholders who voted for 14 the conversion received compensation from the 15 advisor. 16 Q. All right. Now, the events that 17 you're describing occurred in the spring of 18 2019; right?	
4 demand was made at the time this agreement was 5 entered into? 6 MS. DANDENEAU: Objection to form. 7 A. I don't – I don't recall 8 having a specific conversation, if I did, or – 9 or David Klos. 10 Q. Okay. I'm just asking if you recall 11 any conversations that you had. 12 A. I don't recall. 13 Q. Okay. Do you know why Highland 14 loaned the money to HCMFA that is the subject 15 of the notes described in this paragraph? 16 A. I don't remember specifically why 17 5.3 million was loaned. I mean, I – it would 18 have to be put in the context. 19 Q. Do you have any recollection at all	4 There was a – we – I'm just telling you, 5 there was – there was – there was a – a 6 ultimately a NAV error found in this fund while 7 it was an open-ended fund and, you know, there 8 were amounts owed by the advisor in – in 9 relation to that NAV error. 10 There were also, for the same fund, 11 that same fund was ongoing an 12 open-end-to-close-end conversion, and as part 13 of that proposal, shareholders who voted for 14 the conversion received compensation from the 15 advisor. 16 Q. All right. Now, the events that 17 you're describing occurred in the spring of 18 2019; right? 19 A. These started back – I think, I	
4 demand was made at the time this agreement was 5 entered into? 6 MS. DANDENEAU: Objection to form. 7 A. I don't – I don't recall 8 having a specific conversation, if I did, or – 9 or David Klos. 10 Q. Okay. I'm just asking if you recall 11 any conversations that you had. 12 A. I don't recall. 13 Q. Okay. Do you know why Highland 14 loaned the money to HCMFA that is the subject 15 of the notes described in this paragraph? 16 A. I don't remember specifically why 17 5.3 million was loaned. I mean, I – it would 18 have to be put in the context. 19 Q. Do you have any recollection at all 20 as to why Highland ever loaned any money to	4 There was a – we – I'm just telling you, 5 there was – there was – there was a – a 6 ultimately a NAV error found in this fund while 7 it was an open-ended fund and, you know, there 8 were amounts owed by the advisor in – in 9 relation to that NAV error. 10 There were also, for the same fund, 11 that same fund was ongoing an 12 open-end-to-close-end conversion, and as part 13 of that proposal, shareholders who voted for 14 the conversion received compensation from the 15 advisor. 16 Q. All right. Now, the events that 17 you're describing occurred in the spring of 18 2019; right? 19 A. These started back – I think, I 20 mean –	
 demand was made at the time this agreement was entered into? MS. DANDENEAU: Objection to form. A. I don't – I don't recall having a specific conversation, if I did, or – or David Klos. Q. Okay. I'm just asking if you recall any conversations that you had. A. I don't recall. Q. Okay. Do you know why Highland loaned the money to HCMFA that is the subject of the notes described in this paragraph? A. I don't remember specifically why 5.3 million was loaned. I mean, I – it would have to be put in the context. Q. Do you have any recollection at all as to why Highland ever loaned any money to HCMFA? 	 4 There was a – we – I'm just telling you, 5 there was – there was – there was a – a 6 ultimately a NAV error found in this fund while 7 it was an open-ended fund and, you know, there 8 were amounts owed by the advisor in – in 9 relation to that NAV error. 10 There were also, for the same fund, 11 that same fund was ongoing an 12 open-end-to-close-end conversion, and as part 13 of that proposal, shareholders who voted for 14 the conversion received compensation from the 15 advisor. 16 Q. All right. Now, the events that 17 you're describing occurred in the spring of 18 2019; right? 19 A. These started back – I think, I 20 mean – 21 Q. I apologize. 	
 demand was made at the time this agreement was entered into? MS. DANDENEAU: Objection to form. A. I don't – I don't recall having a specific conversation, if I did, or – or David Klos. Q. Okay. I'm just asking if you recall any conversations that you had. A. I don't recall. Q. Okay. Do you know why Highland loaned the money to HCMFA that is the subject of the notes described in this paragraph? A. I don't remember specifically why 5.3 million was loaned. I mean, I – it would have to be put in the context. Q. Do you have any recollection at all as to why Highland ever loaned any money to HCMFA? A. Yes. 	4 There was a – we – I'm just telling you, 5 there was – there was – there was a – a 6 ultimately a NAV error found in this fund while 7 it was an open-ended fund and, you know, there 8 were amounts owed by the advisor in – in 9 relation to that NAV error. 10 There were also, for the same fund, 11 that same fund was ongoing an 12 open-end-to-close-end conversion, and as part 13 of that proposal, shareholders who voted for 14 the conversion received compensation from the 15 advisor. 16 Q. All right. Now, the events that 17 you're describing occurred in the spring of 18 2019; right? 19 A. These started back – I think, I 20 mean – 21 Q. I apologize. 22 A. – that – I mean, the answer to	
 demand was made at the time this agreement was entered into? MS. DANDENEAU: Objection to form. A. I don't – I don't recall having a specific conversation, if I did, or – or David Klos. Q. Okay. I'm just asking if you recall any conversations that you had. A. I don't recall. Q. Okay. Do you know why Highland loaned the money to HCMFA that is the subject of the notes described in this paragraph? A. I don't remember specifically why 5.3 million was loaned. I mean, I – it would have to be put in the context. Q. Do you have any recollection at all as to why Highland ever loaned any money to HCMFA? A. Yes. MS. DANDENEAU: Objection to form. 	4 There was a – we – I'm just telling you, 5 there was – there was – there was a – a 6 ultimately a NAV error found in this fund while 7 it was an open-ended fund and, you know, there 8 were amounts owed by the advisor in – in 9 relation to that NAV error. 10 There were also, for the same fund, 11 that same fund was ongoing an 12 open-end-to-close-end conversion, and as part 13 of that proposal, shareholders who voted for 14 the conversion received compensation from the 15 advisor. 16 Q. All right. Now, the events that 17 you're describing occurred in the spring of 18 2019; right? 19 A. These started back – I think, I 20 mean – 21 Q. I apologize. 22 A. – that – I mean, the answer to 23 that is no.	
 demand was made at the time this agreement was entered into? MS. DANDENEAU: Objection to form. A. I don't – I don't recall having a specific conversation, if I did, or – or David Klos. Q. Okay. I'm just asking if you recall any conversations that you had. A. I don't recall. Q. Okay. Do you know why Highland loaned the money to HCMFA that is the subject of the notes described in this paragraph? A. I don't remember specifically why 5.3 million was loaned. I mean, I – it would have to be put in the context. Q. Do you have any recollection at all as to why Highland ever loaned any money to HCMFA? A. Yes. 	4 There was a – we – I'm just telling you, 5 there was – there was – there was a – a 6 ultimately a NAV error found in this fund while 7 it was an open-ended fund and, you know, there 8 were amounts owed by the advisor in – in 9 relation to that NAV error. 10 There were also, for the same fund, 11 that same fund was ongoing an 12 open-end-to-close-end conversion, and as part 13 of that proposal, shareholders who voted for 14 the conversion received compensation from the 15 advisor. 16 Q. All right. Now, the events that 17 you're describing occurred in the spring of 18 2019; right? 19 A. These started back – I think, I 20 mean – 21 Q. I apologize. 22 A. – that – I mean, the answer to	

	Page 126			Page 127
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Ŭ
2	describing occurred in May 2019; right?	2	what is the reason you recall Highland lending	
3	MR. RUKAVINA: Objection to the	3	money to NexPoint?	
4	extent that calls for a legal conclusion.	4	A. I mean, I was just I just I	
5	A. I don't recall specifically what	5	just recall. I mean, I just I don't	
6	amounts of money were moved when, for what	6	remember why.	
7	purpose.	7	Q. I understand. And I'm asking you if	
8	Q. Okay. Fair enough. Going to the	8	you recall	
9	next paragraph, do you recall that NexPoint	9	A. Oh, why – I thought you say –	
10	Advisors had obtained a number of loans from	10	NexPoint Advisors was launching a fund which	
11	Highland, and they rolled up those loans into	11	is – I believe that the legal name is NexPoint	
12	one note in approximately 2017?	12	Capital, Inc. And it – it provided a	
13	A. This is for NexPoint Advisors?	13	co-invest into that fund.	
14	Q. Yes.	14	And, from what I remember, the –	
15	A. I – I mean, I don't – I don't	15	the – that NexPoint borrowed money from	
16	recall the NexPoint Advisors loan being a	16	Highland at the time to make that co-invest.	
17	roll-up loan, but –	17	Q. So this was an investment that	
18	Q. Do you know why?	18	NexPoint was required to make; is that right?	
19	A. But, look, if you have documents	19	MS. DANDENEAU: Objection to form.	
20	that show – I mean, look, I just don't recall.	20	A. I don't know if it was required to	
21	Q. Okay. That is fair. Do you know	21	make, I don't recall that, or if it just made	
22	why – do you have any recollection as to why	22	it.	
23	Highland loaned money to NexPoint?	23	Q. Okay. But your recollection is that	
24	A. Yes.	24	NexPoint made an investment and they borrowed	
25	Q. Why did High – why do you recall –	25	money from Highland to finance the investment.	
	Page 128 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 129
1		1		
2	Do I have that right? A. Yes.	2	to why HCMS borrowed money from Highland?	
3 4		3	A. For – for investment purposes. Q. So it is the same thing, HCMS wanted	
Ι_	Q. How about HCRE? Do you know why HCRE borrowed money from Highland?	4	Q. So it is the same thing, HCMS wanted to make investments and it borrowed money from	
5 6	A. I don't remember specifically.	5	Highland in order to finance those investments;	
7	, ,	6	is that right?	
ı	, , , , , , , , , , , , , , , , , , , ,		_	
8	A. Generally, yeah – I mean, yes.	8	A. I mean, yes, generally. I mean, I can't – I don't – on the services, there –	
9	Q. Can you tell me your general recollection as to why Highland loaned money to	9	there are several loans in these schedules.	
11	HCRE?	١	You know, I can't remember why every single one	
12	A. For – for investment	11	of these were made, but I would say, yeah, I	
13	purposes.	12 13	mean, generally.	
14	Q. So HCRE made the investment and it	14	Q. Okay. I appreciate that.	
15	obtained a loan, or loans, from Highland in	15	MR. MORRIS: Let's go to the page	
16	order to finance that investment or those	16	with Bates No. 251. La Asia, are you	
17	investments.	17	there?	
18	Do I have that right?	18	MS. CANTY: Sorry, John. It went	
19	A. I mean, I – you know, generally.	19	out for a minute. Can you say that again.	
20	Q. Okay. How about Highland Management Output Description: A. Threan, 1 — you know, generally.	20	I don't know what is going on.	
21	Services, Inc.?	21	MR. MORRIS: The page with Bates	
22	Do you have any recollection as to	22	No. 251, can we go to that.	
23	why HCMS borrowed money from Highland?	23	MS. CANTY: Yes, sorry.	
24	A. Generally.	24	MR. MORRIS: Keep going to the	
1 44	Q. What is your general recollection as	25	bottom. Yeah, there you go.	
25				

1	Page 130 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 131
2		2	subsequent event relating to affiliate loans be	
1	Q. Do you see, Mr. Waterhouse, that there is a section there called Subsequent	3	captured in this section if they were – if	
1	Events?	4	they were made after the end of the fiscal year	
5	A. Ido.	5	and prior to the issuance of the audit report?	
6	Q. And does this relate to the last	6	A. Yes, if they were deemed material or	
1		7	disclosable.	
1	sentence above the signature line on the	8	Q. Okay. I appreciate that.	
1	management representation letter that we talked	l _	•	
1	about earlier where you made the representation	9	Do you see the next to the last	
10	that you disclosed subsequent events?	10	entry there? It says, Over the course of 2019	
11	A. I mean, it relates to it, but not in	11	through the report date, HCMFA issued	
12	its entirety.	12	promissory notes to the partnership in the	
13	Q. Okay.	13	aggregate amount of \$7.4 million?	
14	MR. MORRIS: If we can scroll up to	14	A. Yes.	
15	capture the entirety of this section right	15	Q. And does that refresh your	
16	here.	16	recollection that those are the notes that	
17	Q. And what do you mean by that, sir?	17	related to the NAV error that you mentioned	
18	MR. MORRIS: Yeah, right there.	18	earlier?	
19	Perfect.	19	A. I don't – I don't remember the	
20	A. There are – there are different	20	exact. Again, there are – I mentioned two	
21	subsequent events in – under GAAP. So there	21	line items; right?	
22	are – and – and – so what we see in the	22	Q. Yes.	
23	notes to the financial statements are one type	23	A. I mean, it was the GAAP conversion	
1	of subevent.	24	process plus the the NAV error. I don't	
25	Q. Okay. And – and would the type of	25	have the details. I don't recall specifically	
	Page 132			Page 133
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 133
2	WATERHOUSE - 10-19-21 if – you know, what – if that 7.4 million was	2	date, right, if – if my memory serves me	Page 133
2 3	WATERHOUSE - 10-19-21 if – you know, what – if that 7.4 million was solely attributable to the NAV error.	3	date, right, if – if my memory serves me right.	Page 133
2 3 4	WATERHOUSE - 10-19-21 if – you know, what – if that 7.4 million was solely attributable to the NAV error. Q. Okay. But there is no question that	2 3 4	date, right, if – if my memory serves me right. Q. Yes, I will represent to you that	Page 133
2 3 4 5	WATERHOUSE - 10-19-21 if — you know, what — if that 7.4 million was solely attributable to the NAV error. Q. Okay. But there is no question that Highland told PricewaterhouseCoopers that over	2 3 4 5	date, right, if – if my memory serves me right. Q. Yes, I will represent to you that your memory is accurate in that regard.	Page 133
2 3 4 5 6	WATERHOUSE - 10-19-21 if – you know, what – if that 7.4 million was solely attributable to the NAV error. Q. Okay. But there is no question that Highland told PricewaterhouseCoopers that over the course of 2019 HCMFA issued promissory	2 3 4	date, right, if – if my memory serves me right. Q. Yes, I will represent to you that your memory is accurate in that regard. Did anybody ever instruct you as the	Page 133
2 3 4 5 6 7	WATERHOUSE - 10-19-21 if – you know, what – if that 7.4 million was solely attributable to the NAV error. Q. Okay. But there is no question that Highland told PricewaterhouseCoopers that over the course of 2019 HCMFA issued promissory notes to the partnership in the aggregate	2 3 4 5 6 7	date, right, if – if my memory serves me right. Q. Yes, I will represent to you that your memory is accurate in that regard. Did anybody ever instruct you as the CFO to correct this statement that we're	Page 133
2 3 4 5 6 7 8	WATERHOUSE - 10-19-21 if – you know, what – if that 7.4 million was solely attributable to the NAV error. Q. Okay. But there is no question that Highland told PricewaterhouseCoopers that over the course of 2019 HCMFA issued promissory notes to the partnership in the aggregate amount of \$7.4 million; correct?	2 3 4 5 6 7 8	date, right, if – if my memory serves me right. Q. Yes, I will represent to you that your memory is accurate in that regard. Did anybody ever instruct you as the CFO to correct this statement that we're looking at in subsequent events?	Page 133
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 if – you know, what – if that 7.4 million was solely attributable to the NAV error. Q. Okay. But there is no question that Highland told PricewaterhouseCoopers that over the course of 2019 HCMFA issued promissory notes to the partnership in the aggregate amount of \$7.4 million; correct? A. In the course of the audit, we would	2 3 4 5 6 7 8 9	date, right, if – if my memory serves me right. Q. Yes, I will represent to you that your memory is accurate in that regard. Did anybody ever instruct you as the CFO to correct this statement that we're looking at in subsequent events? A. So let me understand. You're saying	Page 133
2 3 4 5 6 7 8	WATERHOUSE - 10-19-21 if – you know, what – if that 7.4 million was solely attributable to the NAV error. Q. Okay. But there is no question that Highland told PricewaterhouseCoopers that over the course of 2019 HCMFA issued promissory notes to the partnership in the aggregate amount of \$7.4 million; correct? A. In the course of the audit, we would have produced all promissory notes in our	2 3 4 5 6 7 8 9	date, right, if – if my memory serves me right. Q. Yes, I will represent to you that your memory is accurate in that regard. Did anybody ever instruct you as the CFO to correct this statement that we're looking at in subsequent events? A. So let me understand. You're saying when I was CFO at Highland Capital did anyone	Page 133
2 3 4 5 6 7 8 9 10	WATERHOUSE - 10-19-21 if – you know, what – if that 7.4 million was solely attributable to the NAV error. Q. Okay. But there is no question that Highland told PricewaterhouseCoopers that over the course of 2019 HCMFA issued promissory notes to the partnership in the aggregate amount of \$7.4 million; correct? A. In the course of the audit, we would have produced all promissory notes in our possession, including the ones that are	2 3 4 5 6 7 8 9 10	date, right, if – if my memory serves me right. Q. Yes, I will represent to you that your memory is accurate in that regard. Did anybody ever instruct you as the CFO to correct this statement that we're looking at in subsequent events? A. So let me understand. You're saying when I was CFO at Highland Capital did anyone ever ask me to correct the – over the course	Page 133
2 3 4 5 6 7 8 9 10 11	WATERHOUSE - 10-19-21 if – you know, what – if that 7.4 million was solely attributable to the NAV error. Q. Okay. But there is no question that Highland told PricewaterhouseCoopers that over the course of 2019 HCMFA issued promissory notes to the partnership in the aggregate amount of \$7.4 million; correct? A. In the course of the audit, we would have produced all promissory notes in our possession, including the ones that are detailed here.	2 3 4 5 6 7 8 9 10 11 12	date, right, if – if my memory serves me right. Q. Yes, I will represent to you that your memory is accurate in that regard. Did anybody ever instruct you as the CFO to correct this statement that we're looking at in subsequent events? A. So let me understand. You're saying when I was CFO at Highland Capital did anyone ever ask me to correct the – over the course of 2019 through the report date HCMFA issued	Page 133
2 3 4 5 6 7 8 9 10	WATERHOUSE - 10-19-21 if – you know, what – if that 7.4 million was solely attributable to the NAV error. Q. Okay. But there is no question that Highland told PricewaterhouseCoopers that over the course of 2019 HCMFA issued promissory notes to the partnership in the aggregate amount of \$7.4 million; correct? A. In the course of the audit, we would have produced all promissory notes in our possession, including the ones that are detailed here. Q. Do you recall that you signed the	2 3 4 5 6 7 8 9 10 11 12 13	date, right, if – if my memory serves me right. Q. Yes, I will represent to you that your memory is accurate in that regard. Did anybody ever instruct you as the CFO to correct this statement that we're looking at in subsequent events? A. So let me understand. You're saying when I was CFO at Highland Capital did anyone ever ask me to correct the – over the course of 2019 through the report date HCMFA issued promissory notes, this statement?	Page 133
2 3 4 5 6 7 8 9 10 11 12 13 14	WATERHOUSE - 10-19-21 if – you know, what – if that 7.4 million was solely attributable to the NAV error. Q. Okay. But there is no question that Highland told PricewaterhouseCoopers that over the course of 2019 HCMFA issued promissory notes to the partnership in the aggregate amount of \$7.4 million; correct? A. In the course of the audit, we would have produced all promissory notes in our possession, including the ones that are detailed here. Q. Do you recall that you signed the two promissory notes that are referenced in	2 3 4 5 6 7 8 9 10 11 12 13 14	date, right, if – if my memory serves me right. Q. Yes, I will represent to you that your memory is accurate in that regard. Did anybody ever instruct you as the CFO to correct this statement that we're looking at in subsequent events? A. So let me understand. You're saying when I was CFO at Highland Capital did anyone ever ask me to correct the – over the course of 2019 through the report date HCMFA issued promissory notes, this statement? Q. Right.	Page 133
2 3 4 5 6 7 8 9 10 11 12 13 14 15	WATERHOUSE - 10-19-21 if – you know, what – if that 7.4 million was solely attributable to the NAV error. Q. Okay. But there is no question that Highland told PricewaterhouseCoopers that over the course of 2019 HCMFA issued promissory notes to the partnership in the aggregate amount of \$7.4 million; correct? A. In the course of the audit, we would have produced all promissory notes in our possession, including the ones that are detailed here. Q. Do you recall that you signed the two promissory notes that are referenced in that provision?	2 3 4 5 6 7 8 9 10 11 12 13 14 15	date, right, if – if my memory serves me right. Q. Yes, I will represent to you that your memory is accurate in that regard. Did anybody ever instruct you as the CFO to correct this statement that we're looking at in subsequent events? A. So let me understand. You're saying when I was CFO at Highland Capital did anyone ever ask me to correct the – over the course of 2019 through the report date HCMFA issued promissory notes, this statement? Q. Right. A. Not that I'm aware.	Page 133
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	WATERHOUSE - 10-19-21 if – you know, what – if that 7.4 million was solely attributable to the NAV error. Q. Okay. But there is no question that Highland told PricewaterhouseCoopers that over the course of 2019 HCMFA issued promissory notes to the partnership in the aggregate amount of \$7.4 million; correct? A. In the course of the audit, we would have produced all promissory notes in our possession, including the ones that are detailed here. Q. Do you recall that you signed the two promissory notes that are referenced in that provision? MS. DANDENEAU: Objection to form.	2 3 4 5 6 7 8 9 10 11 12 13 14	date, right, if – if my memory serves me right. Q. Yes, I will represent to you that your memory is accurate in that regard. Did anybody ever instruct you as the CFO to correct this statement that we're looking at in subsequent events? A. So let me understand. You're saying when I was CFO at Highland Capital did anyone ever ask me to correct the – over the course of 2019 through the report date HCMFA issued promissory notes, this statement? Q. Right. A. Not that I'm aware. Q. While you were the CFO of Highland,	Page 133
2 3 4 5 6 7 8 9 10 11 12 13 14 15	WATERHOUSE - 10-19-21 if – you know, what – if that 7.4 million was solely attributable to the NAV error. Q. Okay. But there is no question that Highland told PricewaterhouseCoopers that over the course of 2019 HCMFA issued promissory notes to the partnership in the aggregate amount of \$7.4 million; correct? A. In the course of the audit, we would have produced all promissory notes in our possession, including the ones that are detailed here. Q. Do you recall that you signed the two promissory notes that are referenced in that provision?	2 3 4 5 6 7 8 9 10 11 12 13 14 15	date, right, if – if my memory serves me right. Q. Yes, I will represent to you that your memory is accurate in that regard. Did anybody ever instruct you as the CFO to correct this statement that we're looking at in subsequent events? A. So let me understand. You're saying when I was CFO at Highland Capital did anyone ever ask me to correct the – over the course of 2019 through the report date HCMFA issued promissory notes, this statement? Q. Right. A. Not that I'm aware. Q. While you were the CFO of Highland, did anybody ever tell you that that sentence	Page 133
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	WATERHOUSE - 10-19-21 if – you know, what – if that 7.4 million was solely attributable to the NAV error. Q. Okay. But there is no question that Highland told PricewaterhouseCoopers that over the course of 2019 HCMFA issued promissory notes to the partnership in the aggregate amount of \$7.4 million; correct? A. In the course of the audit, we would have produced all promissory notes in our possession, including the ones that are detailed here. Q. Do you recall that you signed the two promissory notes that are referenced in that provision? MS. DANDENEAU: Objection to form. A. I didn't recall initially but I've been reminded.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	date, right, if – if my memory serves me right. Q. Yes, I will represent to you that your memory is accurate in that regard. Did anybody ever instruct you as the CFO to correct this statement that we're looking at in subsequent events? A. So let me understand. You're saying when I was CFO at Highland Capital did anyone ever ask me to correct the – over the course of 2019 through the report date HCMFA issued promissory notes, this statement? Q. Right. A. Not that I'm aware. Q. While you were the CFO of Highland, did anybody ever tell you that that sentence was wrong?	Page 133
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	WATERHOUSE - 10-19-21 if – you know, what – if that 7.4 million was solely attributable to the NAV error. Q. Okay. But there is no question that Highland told PricewaterhouseCoopers that over the course of 2019 HCMFA issued promissory notes to the partnership in the aggregate amount of \$7.4 million; correct? A. In the course of the audit, we would have produced all promissory notes in our possession, including the ones that are detailed here. Q. Do you recall that you signed the two promissory notes that are referenced in that provision? MS. DANDENEAU: Objection to form. A. I didn't recall initially but I've been reminded. Q. Okay. And – and do you recall that	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	date, right, if – if my memory serves me right. Q. Yes, I will represent to you that your memory is accurate in that regard. Did anybody ever instruct you as the CFO to correct this statement that we're looking at in subsequent events? A. So let me understand. You're saying when I was CFO at Highland Capital did anyone ever ask me to correct the – over the course of 2019 through the report date HCMFA issued promissory notes, this statement? Q. Right. A. Not that I'm aware. Q. While you were the CFO of Highland, did anybody ever tell you that that sentence was wrong? A. Not that I'm aware.	Page 133
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	WATERHOUSE - 10-19-21 if — you know, what — if that 7.4 million was solely attributable to the NAV error. Q. Okay. But there is no question that Highland told PricewaterhouseCoopers that over the course of 2019 HCMFA issued promissory notes to the partnership in the aggregate amount of \$7.4 million; correct? A. In the course of the audit, we would have produced all promissory notes in our possession, including the ones that are detailed here. Q. Do you recall that you signed the two promissory notes that are referenced in that provision? MS. DANDENEAU: Objection to form. A. I didn't recall initially but I've been reminded. Q. Okay. And — and do you recall that those notes are dated May 2nd and May 3rd,	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	date, right, if – if my memory serves me right. Q. Yes, I will represent to you that your memory is accurate in that regard. Did anybody ever instruct you as the CFO to correct this statement that we're looking at in subsequent events? A. So let me understand. You're saying when I was CFO at Highland Capital did anyone ever ask me to correct the – over the course of 2019 through the report date HCMFA issued promissory notes, this statement? Q. Right. A. Not that I'm aware. Q. While you were the CFO of Highland, did anybody ever tell you that that sentence was wrong? A. Not that I'm aware. Q. Highland – withdrawn.	Page 133
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	WATERHOUSE - 10-19-21 if – you know, what – if that 7.4 million was solely attributable to the NAV error. Q. Okay. But there is no question that Highland told PricewaterhouseCoopers that over the course of 2019 HCMFA issued promissory notes to the partnership in the aggregate amount of \$7.4 million; correct? A. In the course of the audit, we would have produced all promissory notes in our possession, including the ones that are detailed here. Q. Do you recall that you signed the two promissory notes that are referenced in that provision? MS. DANDENEAU: Objection to form. A. I didn't recall initially but I've been reminded. Q. Okay. And – and do you recall that	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	date, right, if – if my memory serves me right. Q. Yes, I will represent to you that your memory is accurate in that regard. Did anybody ever instruct you as the CFO to correct this statement that we're looking at in subsequent events? A. So let me understand. You're saying when I was CFO at Highland Capital did anyone ever ask me to correct the – over the course of 2019 through the report date HCMFA issued promissory notes, this statement? Q. Right. A. Not that I'm aware. Q. While you were the CFO of Highland, did anybody ever tell you that that sentence was wrong? A. Not that I'm aware. Q. Highland – withdrawn. HCMFA disclosed these notes in its	Page 133
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	WATERHOUSE - 10-19-21 if — you know, what — if that 7.4 million was solely attributable to the NAV error. Q. Okay. But there is no question that Highland told PricewaterhouseCoopers that over the course of 2019 HCMFA issued promissory notes to the partnership in the aggregate amount of \$7.4 million; correct? A. In the course of the audit, we would have produced all promissory notes in our possession, including the ones that are detailed here. Q. Do you recall that you signed the two promissory notes that are referenced in that provision? MS. DANDENEAU: Objection to form. A. I didn't recall initially but I've been reminded. Q. Okay. And — and do you recall that those notes are dated May 2nd and May 3rd,	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	date, right, if – if my memory serves me right. Q. Yes, I will represent to you that your memory is accurate in that regard. Did anybody ever instruct you as the CFO to correct this statement that we're looking at in subsequent events? A. So let me understand. You're saying when I was CFO at Highland Capital did anyone ever ask me to correct the – over the course of 2019 through the report date HCMFA issued promissory notes, this statement? Q. Right. A. Not that I'm aware. Q. While you were the CFO of Highland, did anybody ever tell you that that sentence was wrong? A. Not that I'm aware. Q. Highland – withdrawn.	Page 133
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	WATERHOUSE - 10-19-21 if – you know, what – if that 7.4 million was solely attributable to the NAV error. Q. Okay. But there is no question that Highland told PricewaterhouseCoopers that over the course of 2019 HCMFA issued promissory notes to the partnership in the aggregate amount of \$7.4 million; correct? A. In the course of the audit, we would have produced all promissory notes in our possession, including the ones that are detailed here. Q. Do you recall that you signed the two promissory notes that are referenced in that provision? MS. DANDENEAU: Objection to form. A. I didn't recall initially but I've been reminded. Q. Okay. And – and do you recall that those notes are dated May 2nd and May 3rd, 2019? A. Yes. Q. So that was just a month before the	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	date, right, if – if my memory serves me right. Q. Yes, I will represent to you that your memory is accurate in that regard. Did anybody ever instruct you as the CFO to correct this statement that we're looking at in subsequent events? A. So let me understand. You're saying when I was CFO at Highland Capital did anyone ever ask me to correct the – over the course of 2019 through the report date HCMFA issued promissory notes, this statement? Q. Right. A. Not that I'm aware. Q. While you were the CFO of Highland, did anybody ever tell you that that sentence was wrong? A. Not that I'm aware. Q. Highland – withdrawn. HCMFA disclosed these notes in its own audited financial statements; right? MR. RUKAVINA: Objection, form.	Page 133
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	WATERHOUSE - 10-19-21 if – you know, what – if that 7.4 million was solely attributable to the NAV error. Q. Okay. But there is no question that Highland told PricewaterhouseCoopers that over the course of 2019 HCMFA issued promissory notes to the partnership in the aggregate amount of \$7.4 million; correct? A. In the course of the audit, we would have produced all promissory notes in our possession, including the ones that are detailed here. Q. Do you recall that you signed the two promissory notes that are referenced in that provision? MS. DANDENEAU: Objection to form. A. I didn't recall initially but I've been reminded. Q. Okay. And – and do you recall that those notes are dated May 2nd and May 3rd, 2019? A. Yes. Q. So that was just a month before the audit was completed; correct?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	date, right, if – if my memory serves me right. Q. Yes, I will represent to you that your memory is accurate in that regard. Did anybody ever instruct you as the CFO to correct this statement that we're looking at in subsequent events? A. So let me understand. You're saying when I was CFO at Highland Capital did anyone ever ask me to correct the – over the course of 2019 through the report date HCMFA issued promissory notes, this statement? Q. Right. A. Not that I'm aware. Q. While you were the CFO of Highland, did anybody ever tell you that that sentence was wrong? A. Not that I'm aware. Q. Highland – withdrawn. HCMFA disclosed these notes in its own audited financial statements; right? MR. RUKAVINA: Objection, form. A. I assume that these would be	Page 133
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	WATERHOUSE - 10-19-21 if – you know, what – if that 7.4 million was solely attributable to the NAV error. Q. Okay. But there is no question that Highland told PricewaterhouseCoopers that over the course of 2019 HCMFA issued promissory notes to the partnership in the aggregate amount of \$7.4 million; correct? A. In the course of the audit, we would have produced all promissory notes in our possession, including the ones that are detailed here. Q. Do you recall that you signed the two promissory notes that are referenced in that provision? MS. DANDENEAU: Objection to form. A. I didn't recall initially but I've been reminded. Q. Okay. And – and do you recall that those notes are dated May 2nd and May 3rd, 2019? A. Yes. Q. So that was just a month before the	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	date, right, if – if my memory serves me right. Q. Yes, I will represent to you that your memory is accurate in that regard. Did anybody ever instruct you as the CFO to correct this statement that we're looking at in subsequent events? A. So let me understand. You're saying when I was CFO at Highland Capital did anyone ever ask me to correct the – over the course of 2019 through the report date HCMFA issued promissory notes, this statement? Q. Right. A. Not that I'm aware. Q. While you were the CFO of Highland, did anybody ever tell you that that sentence was wrong? A. Not that I'm aware. Q. Highland – withdrawn. HCMFA disclosed these notes in its own audited financial statements; right? MR. RUKAVINA: Objection, form.	Page 133

	Page 134			Page 135
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	rage 133
2	statements, yes, they they they should be	2	June 3rd. It could have been done on June 4th.	
3	and they were likely disclosed.	3	I don't I don't I don't recall.	
4	Q. Now, there is no statement	4	Q. Okay.	
5	concerning the 2019 notes about the forbearance	5	MR. MORRIS: Can we put up on the	
6	that we looked at in the affiliated note	6	screen the HCMFA audit report. And while	
7	section of the report; right?	7	we're –	
8	MS. DANDENEAU: Objection to form.	8	MS. DANDENEAU: What exhibit is	
9	Q. I'll withdraw. That was bad.	9	this?	
10	Do you recall when we were looking	10	MR. MORRIS: La Asia, what number is	
11	at the paragraph concerning HCMFA earlier it	11	that?	
12	had that disclosure about the agreement whereby	12	MS. CANTY: 45.	
13	Highland wouldn't ask for demand on the - on	13	MR. MORRIS: So this will be marked	
14	the HCMFA notes?	14	as Exhibit 45.	
15	A. Yes.	15	(Exhibit 45 marked.)	
16	Q. That forbearance disclosure is not	16	MS. CANTY: Yeah, and I will put it	
17	made with respect to the 2019 notes; right?	17	in the chat.	
18	A. Not – look, not that I can recall,	18	MS. DANDENEAU: Thank you.	
19	unless – unless it was done at a subsequent	19	Q. Okay. All right. Do you see that	
20	day.	20	this is the consolidated financial statements	
21	Q. Right. And it is not in the	21	for HCMFA for the period ending 12/31/18?	
22	subsequent event section that we're looking at	22	A. Yes.	
23	right now where the 2019 notes are described;	23	Q. As the treasurer of HCMFA at the	
24	right?	24	time, did you have to sign a management	
25	A. Right. But this is through	25	representation letter similar to the one that	
		_		
,	Page 136	4	WATER IOLICE 40 40 04	Page 137
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 137
2	WATERHOUSE - 10-19-21 we looked at earlier for Highland?	2	Q. Okay. PricewaterhouseCoopers served	Page 137
2 3	WATERHOUSE - 10-19-21 we looked at earlier for Highland? A. I would imagine I would have been	2 3	Q. Okay. PricewaterhouseCoopers served as HCMFA's outside auditors as well; correct?	Page 137
2 3 4	WATERHOUSE - 10-19-21 we looked at earlier for Highland? A. I would imagine I would have been asked to. I don't recall if I did.	2 3 4	Q. Okay. PricewaterhouseCoopers served as HCMFA's outside auditors as well; correct? A. Yes.	Page 137
2 3 4 5	WATERHOUSE - 10-19-21 we looked at earlier for Highland? A. I would imagine I would have been asked to. I don't recall if I did. Q. Do you recall ever being asked by an	2 3 4 5	Q. Okay. PricewaterhouseCoopers servedas HCMFA's outside auditors as well; correct?A. Yes.Q. Do you see that this audit report is	Page 137
2 3 4	WATERHOUSE - 10-19-21 we looked at earlier for Highland? A. I would imagine I would have been asked to. I don't recall if I did. Q. Do you recall ever being asked by an auditor to sign a management representation	2 3 4	 Q. Okay. PricewaterhouseCoopers served as HCMFA's outside auditors as well; correct? A. Yes. Q. Do you see that this audit report is signed on June 3rd, 2019, just like the 	Page 137
2 3 4 5 6 7	WATERHOUSE - 10-19-21 we looked at earlier for Highland? A. I would imagine I would have been asked to. I don't recall if I did. Q. Do you recall ever being asked by an auditor to sign a management representation letter and then not doing it?	2 3 4 5 6 7	 Q. Okay. PricewaterhouseCoopers served as HCMFA's outside auditors as well; correct? A. Yes. Q. Do you see that this audit report is signed on June 3rd, 2019, just like the Highland audit report? 	Page 137
2 3 4 5 6 7 8	WATERHOUSE - 10-19-21 we looked at earlier for Highland? A. I would imagine I would have been asked to. I don't recall if I did. Q. Do you recall ever being asked by an auditor to sign a management representation letter and then not doing it? A. No.	2 3 4 5 6 7 8	 Q. Okay. PricewaterhouseCoopers served as HCMFA's outside auditors as well; correct? A. Yes. Q. Do you see that this audit report is signed on June 3rd, 2019, just like the Highland audit report? A. That is correct. 	Page 137
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 we looked at earlier for Highland? A. I would imagine I would have been asked to. I don't recall if I did. Q. Do you recall ever being asked by an auditor to sign a management representation letter and then not doing it? A. No. MR. MORRIS: Can we just scroll down	2 3 4 5 6 7 8 9	 Q. Okay. PricewaterhouseCoopers served as HCMFA's outside auditors as well; correct? A. Yes. Q. Do you see that this audit report is signed on June 3rd, 2019, just like the Highland audit report? A. That is correct. Q. And did the process of – of 	Page 137
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 we looked at earlier for Highland? A. I would imagine I would have been asked to. I don't recall if I did. Q. Do you recall ever being asked by an auditor to sign a management representation letter and then not doing it? A. No. MR. MORRIS: Can we just scroll down again. I just want to see the date of the	2 3 4 5 6 7 8 9	Q. Okay. PricewaterhouseCoopers served as HCMFA's outside auditors as well; correct? A. Yes. Q. Do you see that this audit report is signed on June 3rd, 2019, just like the Highland audit report? A. That is correct. Q. And did the process of – of preparing HCMFA's audit report, was that the	Page 137
2 3 4 5 6 7 8 9 10	WATERHOUSE - 10-19-21 we looked at earlier for Highland? A. I would imagine I would have been asked to. I don't recall if I did. Q. Do you recall ever being asked by an auditor to sign a management representation letter and then not doing it? A. No. MR. MORRIS: Can we just scroll down again. I just want to see the date of the document.	2 3 4 5 6 7 8 9 10	 Q. Okay. PricewaterhouseCoopers served as HCMFA's outside auditors as well; correct? A. Yes. Q. Do you see that this audit report is signed on June 3rd, 2019, just like the Highland audit report? A. That is correct. Q. And did the process of – of preparing HCMFA's audit report, was that the same process that Highland followed when it did 	Page 137
2 3 4 5 6 7 8 9 10 11 12	WATERHOUSE - 10-19-21 we looked at earlier for Highland? A. I would imagine I would have been asked to. I don't recall if I did. Q. Do you recall ever being asked by an auditor to sign a management representation letter and then not doing it? A. No. MR. MORRIS: Can we just scroll down again. I just want to see the date of the document. A. I mean, let me – you know, there	2 3 4 5 6 7 8 9 10 11 12	Q. Okay. PricewaterhouseCoopers served as HCMFA's outside auditors as well; correct? A. Yes. Q. Do you see that this audit report is signed on June 3rd, 2019, just like the Highland audit report? A. That is correct. Q. And did the process of – of preparing HCMFA's audit report, was that the same process that Highland followed when it did its audit report at this time?	Page 137
2 3 4 5 6 7 8 9 10 11 12 13	WATERHOUSE - 10-19-21 we looked at earlier for Highland? A. I would imagine I would have been asked to. I don't recall if I did. Q. Do you recall ever being asked by an auditor to sign a management representation letter and then not doing it? A. No. MR. MORRIS: Can we just scroll down again. I just want to see the date of the document. A. I mean, let me — you know, there are different versions to management	2 3 4 5 6 7 8 9 10 11 12 13	Q. Okay. PricewaterhouseCoopers served as HCMFA's outside auditors as well; correct? A. Yes. Q. Do you see that this audit report is signed on June 3rd, 2019, just like the Highland audit report? A. That is correct. Q. And did the process of – of preparing HCMFA's audit report, was that the same process that Highland followed when it did its audit report at this time? A. I mean, it is a different entity.	Page 137
2 3 4 5 6 7 8 9 10 11 12 13 14	WATERHOUSE - 10-19-21 we looked at earlier for Highland? A. I would imagine I would have been asked to. I don't recall if I did. Q. Do you recall ever being asked by an auditor to sign a management representation letter and then not doing it? A. No. MR. MORRIS: Can we just scroll down again. I just want to see the date of the document. A. I mean, let me – you know, there are different versions to management representation letters I will qualify.	2 3 4 5 6 7 8 9 10 11 12 13 14	Q. Okay. PricewaterhouseCoopers served as HCMFA's outside auditors as well; correct? A. Yes. Q. Do you see that this audit report is signed on June 3rd, 2019, just like the Highland audit report? A. That is correct. Q. And did the process of – of preparing HCMFA's audit report, was that the same process that Highland followed when it did its audit report at this time? A. I mean, it is a different entity. There are different assets. You know, it –	Page 137
2 3 4 5 6 7 8 9 10 11 12 13 14 15	WATERHOUSE - 10-19-21 we looked at earlier for Highland? A. I would imagine I would have been asked to. I don't recall if I did. Q. Do you recall ever being asked by an auditor to sign a management representation letter and then not doing it? A. No. MR. MORRIS: Can we just scroll down again. I just want to see the date of the document. A. I mean, let me — you know, there are different versions to management representation letters I will qualify. Yes, there are certain — from time	2 3 4 5 6 7 8 9 10 11 12 13 14 15	Q. Okay. PricewaterhouseCoopers served as HCMFA's outside auditors as well; correct? A. Yes. Q. Do you see that this audit report is signed on June 3rd, 2019, just like the Highland audit report? A. That is correct. Q. And did the process of – of preparing HCMFA's audit report, was that the same process that Highland followed when it did its audit report at this time? A. I mean, it is a different entity. There are different assets. You know, it – it – it is – as you saw, Highland's	Page 137
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	WATERHOUSE - 10-19-21 we looked at earlier for Highland? A. I would imagine I would have been asked to. I don't recall if I did. Q. Do you recall ever being asked by an auditor to sign a management representation letter and then not doing it? A. No. MR. MORRIS: Can we just scroll down again. I just want to see the date of the document. A. I mean, let me — you know, there are different versions to management representation letters I will qualify. Yes, there are certain — from time to time auditors can make representations	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	Q. Okay. PricewaterhouseCoopers served as HCMFA's outside auditors as well; correct? A. Yes. Q. Do you see that this audit report is signed on June 3rd, 2019, just like the Highland audit report? A. That is correct. Q. And did the process of – of preparing HCMFA's audit report, was that the same process that Highland followed when it did its audit report at this time? A. I mean, it is a different entity. There are different assets. You know, it – it – it is – as you saw, Highland's financials are on a consolidated basis. This	Page 137
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	WATERHOUSE - 10-19-21 we looked at earlier for Highland? A. I would imagine I would have been asked to. I don't recall if I did. Q. Do you recall ever being asked by an auditor to sign a management representation letter and then not doing it? A. No. MR. MORRIS: Can we just scroll down again. I just want to see the date of the document. A. I mean, let me – you know, there are different versions to management representation letters I will qualify. Yes, there are certain – from time to time auditors can make representations that – in the rep letter that is being	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Q. Okay. PricewaterhouseCoopers served as HCMFA's outside auditors as well; correct? A. Yes. Q. Do you see that this audit report is signed on June 3rd, 2019, just like the Highland audit report? A. That is correct. Q. And did the process of – of preparing HCMFA's audit report, was that the same process that Highland followed when it did its audit report at this time? A. I mean, it is a different entity. There are different assets. You know, it – it – it is – as you saw, Highland's financials are on a consolidated basis. This is different, so it is under the same control	Page 137
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	WATERHOUSE - 10-19-21 we looked at earlier for Highland? A. I would imagine I would have been asked to. I don't recall if I did. Q. Do you recall ever being asked by an auditor to sign a management representation letter and then not doing it? A. No. MR. MORRIS: Can we just scroll down again. I just want to see the date of the document. A. I mean, let me — you know, there are different versions to management representation letters I will qualify. Yes, there are certain — from time to time auditors can make representations that — in the rep letter that is being proposed that are inaccurate or out of scope or	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. Okay. PricewaterhouseCoopers served as HCMFA's outside auditors as well; correct? A. Yes. Q. Do you see that this audit report is signed on June 3rd, 2019, just like the Highland audit report? A. That is correct. Q. And did the process of – of preparing HCMFA's audit report, was that the same process that Highland followed when it did its audit report at this time? A. I mean, it is a different entity. There are different assets. You know, it – it – it is – as you saw, Highland's financials are on a consolidated basis. This is different, so it is under the same control environment and team.	Page 137
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	WATERHOUSE - 10-19-21 we looked at earlier for Highland? A. I would imagine I would have been asked to. I don't recall if I did. Q. Do you recall ever being asked by an auditor to sign a management representation letter and then not doing it? A. No. MR. MORRIS: Can we just scroll down again. I just want to see the date of the document. A. I mean, let me — you know, there are different versions to management representation letters I will qualify. Yes, there are certain — from time to time auditors can make representations that — in the rep letter that is being proposed that are inaccurate or out of scope or things like that and they've asked for	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	Q. Okay. PricewaterhouseCoopers served as HCMFA's outside auditors as well; correct? A. Yes. Q. Do you see that this audit report is signed on June 3rd, 2019, just like the Highland audit report? A. That is correct. Q. And did the process of – of preparing HCMFA's audit report, was that the same process that Highland followed when it did its audit report at this time? A. I mean, it is a different entity. There are different assets. You know, it – it – it is – as you saw, Highland's financials are on a consolidated basis. This is different, so it is under the same control environment and team. Q. Okay. I appreciate that. So the	Page 137
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	WATERHOUSE - 10-19-21 we looked at earlier for Highland? A. I would imagine I would have been asked to. I don't recall if I did. Q. Do you recall ever being asked by an auditor to sign a management representation letter and then not doing it? A. No. MR. MORRIS: Can we just scroll down again. I just want to see the date of the document. A. I mean, let me — you know, there are different versions to management representation letters I will qualify. Yes, there are certain — from time to time auditors can make representations that — in the rep letter that is being proposed that are inaccurate or out of scope or things like that and they've asked for signature.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Q. Okay. PricewaterhouseCoopers served as HCMFA's outside auditors as well; correct? A. Yes. Q. Do you see that this audit report is signed on June 3rd, 2019, just like the Highland audit report? A. That is correct. Q. And did the process of – of preparing HCMFA's audit report, was that the same process that Highland followed when it did its audit report at this time? A. I mean, it is a different entity. There are different assets. You know, it – it – it is – as you saw, Highland's financials are on a consolidated basis. This is different, so it is under the same control environment and team. Q. Okay. I appreciate that. So the same control environment and team participated	Page 137
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	WATERHOUSE - 10-19-21 we looked at earlier for Highland? A. I would imagine I would have been asked to. I don't recall if I did. Q. Do you recall ever being asked by an auditor to sign a management representation letter and then not doing it? A. No. MR. MORRIS: Can we just scroll down again. I just want to see the date of the document. A. I mean, let me – you know, there are different versions to management representation letters I will qualify. Yes, there are certain – from time to time auditors can make representations that – in the rep letter that is being proposed that are inaccurate or out of scope or things like that and they've asked for signature. In that context, yes. I mean, you	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. Okay. PricewaterhouseCoopers served as HCMFA's outside auditors as well; correct? A. Yes. Q. Do you see that this audit report is signed on June 3rd, 2019, just like the Highland audit report? A. That is correct. Q. And did the process of – of preparing HCMFA's audit report, was that the same process that Highland followed when it did its audit report at this time? A. I mean, it is a different entity. There are different assets. You know, it – it – it is – as you saw, Highland's financials are on a consolidated basis. This is different, so it is under the same control environment and team. Q. Okay. I appreciate that. So the same control environment and team participated in the preparation of the audit for Highland	Page 137
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	WATERHOUSE - 10-19-21 we looked at earlier for Highland? A. I would imagine I would have been asked to. I don't recall if I did. Q. Do you recall ever being asked by an auditor to sign a management representation letter and then not doing it? A. No. MR. MORRIS: Can we just scroll down again. I just want to see the date of the document. A. I mean, let me — you know, there are different versions to management representation letters I will qualify. Yes, there are certain — from time to time auditors can make representations that — in the rep letter that is being proposed that are inaccurate or out of scope or things like that and they've asked for signature. In that context, yes. I mean, you know — I mean, if I have been asked to sign	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. Okay. PricewaterhouseCoopers served as HCMFA's outside auditors as well; correct? A. Yes. Q. Do you see that this audit report is signed on June 3rd, 2019, just like the Highland audit report? A. That is correct. Q. And did the process of – of preparing HCMFA's audit report, was that the same process that Highland followed when it did its audit report at this time? A. I mean, it is a different entity. There are different assets. You know, it – it – it is – as you saw, Highland's financials are on a consolidated basis. This is different, so it is under the same control environment and team. Q. Okay. I appreciate that. So the same control environment and team participated in the preparation of the audit for Highland and for HCMFA at around the same time; correct?	Page 137
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	WATERHOUSE - 10-19-21 we looked at earlier for Highland? A. I would imagine I would have been asked to. I don't recall if I did. Q. Do you recall ever being asked by an auditor to sign a management representation letter and then not doing it? A. No. MR. MORRIS: Can we just scroll down again. I just want to see the date of the document. A. I mean, let me – you know, there are different versions to management representation letters I will qualify. Yes, there are certain – from time to time auditors can make representations that – in the rep letter that is being proposed that are inaccurate or out of scope or things like that and they've asked for signature. In that context, yes. I mean, you know – I mean, if I have been asked to sign and make those representations and those	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. Okay. PricewaterhouseCoopers served as HCMFA's outside auditors as well; correct? A. Yes. Q. Do you see that this audit report is signed on June 3rd, 2019, just like the Highland audit report? A. That is correct. Q. And did the process of – of preparing HCMFA's audit report, was that the same process that Highland followed when it did its audit report at this time? A. I mean, it is a different entity. There are different assets. You know, it – it – it is – as you saw, Highland's financials are on a consolidated basis. This is different, so it is under the same control environment and team. Q. Okay. I appreciate that. So the same control environment and team participated in the preparation of the audit for Highland and for HCMFA at around the same time; correct? A. Yes.	Page 137
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	WATERHOUSE - 10-19-21 we looked at earlier for Highland? A. I would imagine I would have been asked to. I don't recall if I did. Q. Do you recall ever being asked by an auditor to sign a management representation letter and then not doing it? A. No. MR. MORRIS: Can we just scroll down again. I just want to see the date of the document. A. I mean, let me — you know, there are different versions to management representation letters I will qualify. Yes, there are certain — from time to time auditors can make representations that — in the rep letter that is being proposed that are inaccurate or out of scope or things like that and they've asked for signature. In that context, yes. I mean, you know — I mean, if I have been asked to sign	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. Okay. PricewaterhouseCoopers served as HCMFA's outside auditors as well; correct? A. Yes. Q. Do you see that this audit report is signed on June 3rd, 2019, just like the Highland audit report? A. That is correct. Q. And did the process of – of preparing HCMFA's audit report, was that the same process that Highland followed when it did its audit report at this time? A. I mean, it is a different entity. There are different assets. You know, it – it – it is – as you saw, Highland's financials are on a consolidated basis. This is different, so it is under the same control environment and team. Q. Okay. I appreciate that. So the same control environment and team participated in the preparation of the audit for Highland and for HCMFA at around the same time; correct?	Page 137

Page 138 1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21	Page 139
2 Q. Okay. Do you see that just like	2 Q. I apologize if I asked you this	
3 Highland's audited financial report, HCMFA's	3 already, but has anybody ever told you at any	
4 audited financial report also has a section	4 time that you are not authorized to sign the	
5 related to subsequent events?	5 promissory notes that are the subject of the	
6 A. Yes.	6 sentence we're looking at?	
7 Q. And am I reading this correctly that	7 A. Not that I recall.	
8 just as Highland had done, HCMFA disclosed in	8 Q. Did anybody ever tell you at any	
9 its audited financial report a subsequent event	9 time that you had made a mistake when you	
10 that related to the issuance of promissory	10 signed the promissory notes that are the	
11 notes to Highland in the aggregate amount of	11 subject of this sentence?	
12 \$7.4 million in 2019?	12 A. Say that again. Did anyone ever say	
13 A. That is what I see in the report.	13 that I made a mistake?	
14 Q. And you were the treasurer of HCMFA	14 Q. Let me ask the question again.	
15 at the time; right?	15 Did anybody ever tell you at any	
16 A. Yes, to the best of my knowledge.	16 time that you made a mistake when you signed	
17 Q. And did anybody ever tell you prior	17 the two promissory notes in Highland's favor on	
18 to the time of the issuance of this audit	18 behalf of HCMFA in 2019?	
19 report that that sentence relating to HCMFA's	19 A. Not that I recall.	
20 2019 notes was inaccurate or wrong in any way?	20 MR. MORRIS: Let's just look at the	
21 A. Not that I recall.	21 promissory notes quickly. Can we please	
22 Q. As you sit here right now, has	put up Document Number 1, and so this is in	
23 anybody ever told you that that sentence is	the pile that y'all have. We'll just go	
24 inaccurate or wrong in any way?	for a few more minutes and we can take our	
25 A. Not that I recall.	25 lunch break.	
Page 140		Page 141
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21	· ·
2 Q. All right. So I don't know if you	2 Q. Is that your signature, sir?	
3 have seen this before, sir. Do you see that	3 A. Yes, it is.	
4 this is a complaint against HCMFA?	4 Q. And did you sign this document on or	
5 A. Yes, I am looking at it on the	5 around May 2nd, 2019?	
6 screen.	6 A. I don't recall specifically signing	
7 Q. Okay. And have you ever seen this	7 this, but this is my signature.	
8 document before?	8 Q. Okay. And do you recall that	
9 A. I went through some of these	9 Highland transferred \$2.4 million to HCMFA at	
10 documents with my counsel here yesterday.	10 or around the time you signed this document?	
11 MR. MORRIS: All right. Can we go	11 A. I don't recall specifically. I	
12 to Exhibit 1 of this document.	12 would want to, as I sit here today, go back and	
13 Q. Do you see Exhibit 1 is a	13 confirm that, but again, presumably that –	
14 \$2.4 million promissory note back in 2019?	14 that – that did happen.	
15 A. Yeah, I found it in the book. Yes,	15 Q. You wouldn't have signed this	
16 I have it here in front of me.	16 document if you didn't believe that HCMFA	
17 Q. And this is a demand note, right, if	17 either received or was going to receive	
18 you look at Paragraph 2?	18 \$2.4 million from Highland; is that fair?	
19 A. Yes.	19 A. I mean, it – if – if there	
20 Q. And this is a note where the maker	20 wasn't a transfer of value, yeah, I mean, you	
21 is HCMFA, and Highland is the payee; right?	21 know, I would have no reason to – to sign a	
22 A. Yes.	22 note.	
23 MR. MORRIS: And if we can scroll 24 down, can we just see Mr. Waterhouse's	23 Q. And – and Highland wouldn't have	
24 down, can we just see Mr. Waterhouse's25 signature.	24 given this note to PricewaterhouseCoopers if –25 withdrawn.	
20 Signaturo.	20 WILLIAM III.	

	P 440			D 110
1	Page 142 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 143
2	HCMFA wouldn't have given this note	2	A. Yes.	
3	to PricewaterhouseCoopers if it hadn't received	3	Q. And if we go to the bottom, can we	
4	the principal value of – of the note in the	4	just confirm that that is your signature?	
5	form of a loan; correct?	5	A. Yes.	
6	MR. RUKAVINA: Objection, legal	6	Q. And together these notes are the	
7	conclusion, speculation and form.	7	notes that are referred to both in Highland and	
8	A. Again, we – what we provided to PwC	8	HCMFA's audited financial reports in the	
9	were, as part of the audit, any promissory	9	subsequent event sections; correct?	
10	notes executed and outstanding. You know, as a	10	MS. DANDENEAU: Objection to form.	
11	part of the audit, they, you know, they - they	11	A. They – they – they totaled	
12	have copies of all the bank statements,	12	\$7.4 million, so presumably, yes.	
13	things – things of that sort.	13	Q. Okay. And you were authorized to	
14	MR. MORRIS: Okay. Can we go to	14	sign these two notes; correct?	
15	Exhibit 2.	15	MR. RUKAVINA: Objection, legal	
16	(Exhibit 2 marked.)	16	conclusion.	
17	Q. Do you see that this is a promissory	17	A. Yeah. I mean, I'm - I was the	
18	note dated May 3rd, 2019 in the amount of	18	officer of - of HCMFA. You know, I - I'm not	
19	\$5 million?	19	the legal expert on - on what that - what	
20	A. Yes.	20	that confers to me or what it doesn't. I mean,	
21	Q. Do you believe this is also a demand	21	that is my signature on the notes.	
22	note if you look at Paragraph 2?	22	Q. And you believed you were authorized	
23	A. Yes.	23	to sign the notes; is that fair?	
24	Q. And do you see that HCMFA is the	24	A. I signed a lot of documents in my	
25	maker, and Highland is the payee?	25	capacity, just because it is operational in	
\vdash	Page 144			
Ι.	Fage 144	١.		Page 145
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 145
2	WATERHOUSE - 10-19-21 nature. So, you know, to me this was just	2	form.	Page 145
2 3	WATERHOUSE - 10-19-21 nature. So, you know, to me this was just another document, to be perfectly honest.	2 3	form. A. You know, from – from what I recall	Page 145
2	WATERHOUSE - 10-19-21 nature. So, you know, to me this was just another document, to be perfectly honest. Q. Sir, would you have signed	2 3 4	form. A. You know, from – from what I recall around these notes, you know, I don't recall	Page 145
2 3 4 5	WATERHOUSE - 10-19-21 nature. So, you know, to me this was just another document, to be perfectly honest. Q. Sir, would you have signed promissory notes with the principal amount of	2 3 4 5	form. A. You know, from – from what I recall around these notes, you know, I don't recall specifically Mr. – Mr. Dondero saying to – to	Page 145
2 3	WATERHOUSE - 10-19-21 nature. So, you know, to me this was just another document, to be perfectly honest. Q. Sir, would you have signed promissory notes with the principal amount of \$7.4 million if you didn't believe you were	2 3 4 5 6	form. A. You know, from – from what I recall around these notes, you know, I don't recall specifically Mr. – Mr. Dondero saying to – to make this a loan.	Page 145
2 3 4 5 6 7	WATERHOUSE - 10-19-21 nature. So, you know, to me this was just another document, to be perfectly honest. Q. Sir, would you have signed promissory notes with the principal amount of \$7.4 million if you didn't believe you were authorized to do so?	2 3 4 5 6 7	form. A. You know, from – from what I recall around these notes, you know, I don't recall specifically Mr. – Mr. Dondero saying to – to make this a loan. So my conversation with Mr. Dondero	Page 145
2 3 4 5 6 7 8	WATERHOUSE - 10-19-21 nature. So, you know, to me this was just another document, to be perfectly honest. Q. Sir, would you have signed promissory notes with the principal amount of \$7.4 million if you didn't believe you were authorized to do so? MS. DANDENEAU: Objection to form.	2 3 4 5 6 7 8	form. A. You know, from – from what I recall around these notes, you know, I don't recall specifically Mr. – Mr. Dondero saying to – to make this a loan. So my conversation with Mr. Dondero around the culmination of the NAV error as	Page 145
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 nature. So, you know, to me this was just another document, to be perfectly honest. Q. Sir, would you have signed promissory notes with the principal amount of \$7.4 million if you didn't believe you were authorized to do so? MS. DANDENEAU: Objection to form. Q. Are you frozen?	2 3 4 5 6 7 8 9	form. A. You know, from – from what I recall around these notes, you know, I don't recall specifically Mr. – Mr. Dondero saying to – to make this a loan. So my conversation with Mr. Dondero around the culmination of the NAV error as related to TerreStar which was a – a – I	Page 145
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 nature. So, you know, to me this was just another document, to be perfectly honest. Q. Sir, would you have signed promissory notes with the principal amount of \$7.4 million if you didn't believe you were authorized to do so? MS. DANDENEAU: Objection to form. Q. Are you frozen? A. No. I'm just – you know, it is –	2 3 4 5 6 7 8 9	form. A. You know, from – from what I recall around these notes, you know, I don't recall specifically Mr. – Mr. Dondero saying to – to make this a loan. So my conversation with Mr. Dondero around the culmination of the NAV error as related to TerreStar which was a – a – I think it was a year and a half process. I	Page 145
2 3 4 5 6 7 8 9 10	WATERHOUSE - 10-19-21 nature. So, you know, to me this was just another document, to be perfectly honest. Q. Sir, would you have signed promissory notes with the principal amount of \$7.4 million if you didn't believe you were authorized to do so? MS. DANDENEAU: Objection to form. Q. Are you frozen? A. No. I'm just – you know, it is – you know, again, I typically don't sign	2 3 4 5 6 7 8 9 10	form. A. You know, from – from what I recall around these notes, you know, I don't recall specifically Mr. – Mr. Dondero saying to – to make this a loan. So my conversation with Mr. Dondero around the culmination of the NAV error as related to TerreStar which was a – a – I think it was a year and a half process. I don't know, it was a multi-month process, very	Page 145
2 3 4 5 6 7 8 9 10 11 12	WATERHOUSE - 10-19-21 nature. So, you know, to me this was just another document, to be perfectly honest. Q. Sir, would you have signed promissory notes with the principal amount of \$7.4 million if you didn't believe you were authorized to do so? MS. DANDENEAU: Objection to form. Q. Are you frozen? A. No. I'm just – you know, it is – you know, again, I typically don't sign promissory notes, and I don't recall why I	2 3 4 5 6 7 8 9 10 11 12	form. A. You know, from – from what I recall around these notes, you know, I don't recall specifically Mr. – Mr. Dondero saying to – to make this a loan. So my conversation with Mr. Dondero around the culmination of the NAV error as related to TerreStar which was a – a – I think it was a year and a half process. I don't know, it was a multi-month process, very laborious, very difficult.	Page 145
2 3 4 5 6 7 8 9 10 11 12 13	WATERHOUSE - 10-19-21 nature. So, you know, to me this was just another document, to be perfectly honest. Q. Sir, would you have signed promissory notes with the principal amount of \$7.4 million if you didn't believe you were authorized to do so? MS. DANDENEAU: Objection to form. Q. Are you frozen? A. No. I'm just – you know, it is – you know, again, I typically don't sign promissory notes, and I don't recall why I signed these, but – you know, but I did.	2 3 4 5 6 7 8 9 10 11 12 13	form. A. You know, from – from what I recall around these notes, you know, I don't recall specifically Mr. – Mr. Dondero saying to – to make this a loan. So my conversation with Mr. Dondero around the culmination of the NAV error as related to TerreStar which was a – a – I think it was a year and a half process. I don't know, it was a multi-month process, very laborious, very difficult. When we got to the end, I had a	Page 145
2 3 4 5 6 7 8 9 10 11 12 13 14	WATERHOUSE - 10-19-21 nature. So, you know, to me this was just another document, to be perfectly honest. Q. Sir, would you have signed promissory notes with the principal amount of \$7.4 million if you didn't believe you were authorized to do so? MS. DANDENEAU: Objection to form. Q. Are you frozen? A. No. I'm just – you know, it is – you know, again, I typically don't sign promissory notes, and I don't recall why I signed these, but – you know, but I did. Q. All right. So listen carefully to	2 3 4 5 6 7 8 9 10 11 12 13 14	form. A. You know, from – from what I recall around these notes, you know, I don't recall specifically Mr. – Mr. Dondero saying to – to make this a loan. So my conversation with Mr. Dondero around the culmination of the NAV error as related to TerreStar which was a – a – I think it was a year and a half process. I don't know, it was a multi-month process, very laborious, very difficult. When we got to the end, I had a conversation with Mr. Dondero on where to, you	Page 145
2 3 4 5 6 7 8 9 10 11 12 13 14 15	WATERHOUSE - 10-19-21 nature. So, you know, to me this was just another document, to be perfectly honest. Q. Sir, would you have signed promissory notes with the principal amount of \$7.4 million if you didn't believe you were authorized to do so? MS. DANDENEAU: Objection to form. Q. Are you frozen? A. No. I'm just – you know, it is – you know, again, I typically don't sign promissory notes, and I don't recall why I signed these, but – you know, but I did. Q. All right. So listen carefully to my question. Would you have ever signed	2 3 4 5 6 7 8 9 10 11 12 13 14 15	form. A. You know, from – from what I recall around these notes, you know, I don't recall specifically Mr. – Mr. Dondero saying to – to make this a loan. So my conversation with Mr. Dondero around the culmination of the NAV error as related to TerreStar which was a – a – I think it was a year and a half process. I don't know, it was a multi-month process, very laborious, very difficult. When we got to the end, I had a conversation with Mr. Dondero on where to, you know, basically get the funds to reimburse the	Page 145
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	WATERHOUSE - 10-19-21 nature. So, you know, to me this was just another document, to be perfectly honest. Q. Sir, would you have signed promissory notes with the principal amount of \$7.4 million if you didn't believe you were authorized to do so? MS. DANDENEAU: Objection to form. Q. Are you frozen? A. No. I'm just – you know, it is – you know, again, I typically don't sign promissory notes, and I don't recall why I signed these, but – you know, but I did. Q. All right. So listen carefully to my question. Would you have ever signed promissory notes with a face amount of	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	form. A. You know, from – from what I recall around these notes, you know, I don't recall specifically Mr. – Mr. Dondero saying to – to make this a loan. So my conversation with Mr. Dondero around the culmination of the NAV error as related to TerreStar which was a – a – I think it was a year and a half process. I don't know, it was a multi-month process, very laborious, very difficult. When we got to the end, I had a conversation with Mr. Dondero on where to, you know, basically get the funds to reimburse the fund, and I recall him saying, get the money	Page 145
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	WATERHOUSE - 10-19-21 nature. So, you know, to me this was just another document, to be perfectly honest. Q. Sir, would you have signed promissory notes with the principal amount of \$7.4 million if you didn't believe you were authorized to do so? MS. DANDENEAU: Objection to form. Q. Are you frozen? A. No. I'm just – you know, it is – you know, again, I typically don't sign promissory notes, and I don't recall why I signed these, but – you know, but I did. Q. All right. So listen carefully to my question. Would you have ever signed promissory notes with a face amount of \$7.4 million without believing that you were	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	form. A. You know, from – from what I recall around these notes, you know, I don't recall specifically Mr. – Mr. Dondero saying to – to make this a loan. So my conversation with Mr. Dondero around the culmination of the NAV error as related to TerreStar which was a – a – I think it was a year and a half process. I don't know, it was a multi-month process, very laborious, very difficult. When we got to the end, I had a conversation with Mr. Dondero on where to, you know, basically get the funds to reimburse the fund, and I recall him saying, get the money from Highland.	Page 145
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	waterhouse - 10-19-21 nature. So, you know, to me this was just another document, to be perfectly honest. Q. Sir, would you have signed promissory notes with the principal amount of \$7.4 million if you didn't believe you were authorized to do so? MS. DANDENEAU: Objection to form. Q. Are you frozen? A. No. I'm just – you know, it is – you know, again, I typically don't sign promissory notes, and I don't recall why I signed these, but – you know, but I did. Q. All right. So listen carefully to my question. Would you have ever signed promissory notes with a face amount of \$7.4 million without believing that you were authorized to do so?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	form. A. You know, from – from what I recall around these notes, you know, I don't recall specifically Mr. – Mr. Dondero saying to – to make this a loan. So my conversation with Mr. Dondero around the culmination of the NAV error as related to TerreStar which was a – a – I think it was a year and a half process. I don't know, it was a multi-month process, very laborious, very difficult. When we got to the end, I had a conversation with Mr. Dondero on where to, you know, basically get the funds to reimburse the fund, and I recall him saying, get the money from Highland. Q. And so he told you to get the money	Page 145
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	waterhouse - 10-19-21 nature. So, you know, to me this was just another document, to be perfectly honest. Q. Sir, would you have signed promissory notes with the principal amount of \$7.4 million if you didn't believe you were authorized to do so? MS. DANDENEAU: Objection to form. Q. Are you frozen? A. No. I'm just – you know, it is – you know, again, I typically don't sign promissory notes, and I don't recall why I signed these, but – you know, but I did. Q. All right. So listen carefully to my question. Would you have ever signed promissory notes with a face amount of \$7.4 million without believing that you were authorized to do so? A. No. I mean, I'm – I'm putting my	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	form. A. You know, from – from what I recall around these notes, you know, I don't recall specifically Mr. – Mr. Dondero saying to – to make this a loan. So my conversation with Mr. Dondero around the culmination of the NAV error as related to TerreStar which was a – a – I think it was a year and a half process. I don't know, it was a multi-month process, very laborious, very difficult. When we got to the end, I had a conversation with Mr. Dondero on where to, you know, basically get the funds to reimburse the fund, and I recall him saying, get the money from Highland. Q. And so he told you to get the money from Highland; is that right?	Page 145
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	WATERHOUSE - 10-19-21 nature. So, you know, to me this was just another document, to be perfectly honest. Q. Sir, would you have signed promissory notes with the principal amount of \$7.4 million if you didn't believe you were authorized to do so? MS. DANDENEAU: Objection to form. Q. Are you frozen? A. No. I'm just – you know, it is – you know, again, I typically don't sign promissory notes, and I don't recall why I signed these, but – you know, but I did. Q. All right. So listen carefully to my question. Would you have ever signed promissory notes with a face amount of \$7.4 million without believing that you were authorized to do so? A. No. I mean, I'm – I'm putting my signature on there, so no.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	form. A. You know, from – from what I recall around these notes, you know, I don't recall specifically Mr. – Mr. Dondero saying to – to make this a loan. So my conversation with Mr. Dondero around the culmination of the NAV error as related to TerreStar which was a – a – I think it was a year and a half process. I don't know, it was a multi-month process, very laborious, very difficult. When we got to the end, I had a conversation with Mr. Dondero on where to, you know, basically get the funds to reimburse the fund, and I recall him saying, get the money from Highland. Q. And so he told you to get the money from Highland; is that right? A. That is what I recall – in my	Page 145
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	NATERHOUSE - 10-19-21 nature. So, you know, to me this was just another document, to be perfectly honest. Q. Sir, would you have signed promissory notes with the principal amount of \$7.4 million if you didn't believe you were authorized to do so? MS. DANDENEAU: Objection to form. Q. Are you frozen? A. No. I'm just — you know, it is — you know, again, I typically don't sign promissory notes, and I don't recall why I signed these, but — you know, but I did. Q. All right. So listen carefully to my question. Would you have ever signed promissory notes with a face amount of \$7.4 million without believing that you were authorized to do so? A. No. I mean, I'm — I'm putting my signature on there, so no. Q. Okay. And would you have signed two	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	form. A. You know, from – from what I recall around these notes, you know, I don't recall specifically Mr. – Mr. Dondero saying to – to make this a loan. So my conversation with Mr. Dondero around the culmination of the NAV error as related to TerreStar which was a – a – I think it was a year and a half process. I don't know, it was a multi-month process, very laborious, very difficult. When we got to the end, I had a conversation with Mr. Dondero on where to, you know, basically get the funds to reimburse the fund, and I recall him saying, get the money from Highland. Q. And so he told you to get the money from Highland; is that right? A. That is what I recall – in my conversation with him, that is – that is what	Page 145
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	NATERHOUSE - 10-19-21 nature. So, you know, to me this was just another document, to be perfectly honest. Q. Sir, would you have signed promissory notes with the principal amount of \$7.4 million if you didn't believe you were authorized to do so? MS. DANDENEAU: Objection to form. Q. Are you frozen? A. No. I'm just – you know, it is – you know, again, I typically don't sign promissory notes, and I don't recall why I signed these, but – you know, but I did. Q. All right. So listen carefully to my question. Would you have ever signed promissory notes with a face amount of \$7.4 million without believing that you were authorized to do so? A. No. I mean, I'm – I'm putting my signature on there, so no. Q. Okay. And would you have signed two promissory notes obligating HCMFA to pay	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	form. A. You know, from – from what I recall around these notes, you know, I don't recall specifically Mr. – Mr. Dondero saying to – to make this a loan. So my conversation with Mr. Dondero around the culmination of the NAV error as related to TerreStar which was a – a – I think it was a year and a half process. I don't know, it was a multi-month process, very laborious, very difficult. When we got to the end, I had a conversation with Mr. Dondero on where to, you know, basically get the funds to reimburse the fund, and I recall him saying, get the money from Highland. Q. And so he told you to get the money from Highland; is that right? A. That is what I recall – in my conversation with him, that is – that is what I can recall.	Page 145
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	NATERHOUSE - 10-19-21 nature. So, you know, to me this was just another document, to be perfectly honest. Q. Sir, would you have signed promissory notes with the principal amount of \$7.4 million if you didn't believe you were authorized to do so? MS. DANDENEAU: Objection to form. Q. Are you frozen? A. No. I'm just – you know, it is – you know, again, I typically don't sign promissory notes, and I don't recall why I signed these, but – you know, but I did. Q. All right. So listen carefully to my question. Would you have ever signed promissory notes with a face amount of \$7.4 million without believing that you were authorized to do so? A. No. I mean, I'm – I'm putting my signature on there, so no. Q. Okay. And would you have signed two promissory notes obligating HCMFA to pay Highland \$7.4 million without Mr. Dondero's	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	form. A. You know, from – from what I recall around these notes, you know, I don't recall specifically Mr. – Mr. Dondero saying to – to make this a loan. So my conversation with Mr. Dondero around the culmination of the NAV error as related to TerreStar which was a – a – I think it was a year and a half process. I don't know, it was a multi-month process, very laborious, very difficult. When we got to the end, I had a conversation with Mr. Dondero on where to, you know, basically get the funds to reimburse the fund, and I recall him saying, get the money from Highland. Q. And so he told you to get the money from Highland; is that right? A. That is what I recall – in my conversation with him, that is – that is what I can recall. Q. Do you know who drafted these notes?	Page 145
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	NATERHOUSE - 10-19-21 nature. So, you know, to me this was just another document, to be perfectly honest. Q. Sir, would you have signed promissory notes with the principal amount of \$7.4 million if you didn't believe you were authorized to do so? MS. DANDENEAU: Objection to form. Q. Are you frozen? A. No. I'm just – you know, it is – you know, again, I typically don't sign promissory notes, and I don't recall why I signed these, but – you know, but I did. Q. All right. So listen carefully to my question. Would you have ever signed promissory notes with a face amount of \$7.4 million without believing that you were authorized to do so? A. No. I mean, I'm – I'm putting my signature on there, so no. Q. Okay. And would you have signed two promissory notes obligating HCMFA to pay	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	form. A. You know, from – from what I recall around these notes, you know, I don't recall specifically Mr. – Mr. Dondero saying to – to make this a loan. So my conversation with Mr. Dondero around the culmination of the NAV error as related to TerreStar which was a – a – I think it was a year and a half process. I don't know, it was a multi-month process, very laborious, very difficult. When we got to the end, I had a conversation with Mr. Dondero on where to, you know, basically get the funds to reimburse the fund, and I recall him saying, get the money from Highland. Q. And so he told you to get the money from Highland; is that right? A. That is what I recall – in my conversation with him, that is – that is what I can recall.	Page 145

	D 440	_		D 117
1	Page 146 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 147
2	notes?	2	would have been drafted by somebody in the	
3	A. I didn't ask – I don't specifically	3	legal department?	
4	ask people to draft notes really. I mean,	4	MS. DEITSCH-PEREZ: Object to the	
5	again, you know, the legal group at Highland is	5	form.	
6	responsible and has always been responsible for	6	A. Yes.	
7	drafting promissory notes.	7	Q. Okay. And do you know who would	
8	Q. So based on your – based on the	8	have instructed – do you have any knowledge as	
9	practice, you believe that somebody from the	9	to who would have instructed the legal	
10	Highland's legal department would have drafted	10	department to draft these notes?	
11	these notes. Do I have that right?	11	MS. DEITSCH-PEREZ: Object to the	
12	MS. DEITSCH-PEREZ: Object to the	12	form.	
13	form. John, I also asked you for the Word	13	A. It was whoever was working – I	
14	versions of these notes so we could look at	14	mean, it was likely someone on the team. I	
15	the properties, and you have not provided	15	mean, I don't remember exactly on every note or	
16	them. Are you intending to?	16	every document, but, again, a lot of these	
17	MR. MORRIS: No.	17	things of this nature — they're operational in	
18	Q. Can you answer my question, sir?	18	nature – were handled by the team.	
19	A. Again, I –	19	The team knows to – I mean, we	
20	MS. DANDENEAU: Do you want him to	20	don't draft documents. We're not lawyers.	
21	repeat it?	21	We're not attorneys. It is not what I do or	
22	A. Yeah, why don't you repeat it?	22	accountants do.	
23	Q. Sure. Mr. Waterhouse, based on the	23	So they are always instructed to go	
24	practice that you have described in your	24	and – and go to the legal team to get	
25		25	documents like this drafted. Also, when you go	
Ľ			documento inte uno dianeta. 7 aos, when you go	
1	Page 148 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 149
2	to the legal team, the – you know, we always	2	corporate accounting group gave the two notes	
3	loop in compliance. And compliance – when you	3	to PricewaterhouseCoopers in connection with	
4	go to the legal team, compliance is part of	4	the audit; correct?	
5	legal team. They're made aware of – of – of	5	MS. DANDENEAU: Objection to form.	
6	these types of transactions.	6	A. Yes. I mean, that is – yeah, I	
7	Q. And do you believe that you had	7	mean, they – unless the legal team can also	
8	the — withdrawn.	8	retain copies of items like this. I mean, I	
9	Did you ever tell Mr. Dondero –	9	don't know everything that they would retain as	
10	(inaudible) – did you see those?	10	well.	
11	A. Sorry.	11	The legal team would also, if they	
12	MS. DEITSCH-PEREZ: I did not hear	12	had documents as part of audits, turn that over	
13	the end of that question.	13	to the auditors as well. So it could have been	
14		١	the corporate accounting team. It could be	
15	Q. Did you ever tell Mr. Dondero that you signed these two notes?	14	someone on the legal team.	
16	A. I don't recall ever — no, I don't	16	Q. All right. So you didn't – you	
17			didn't draft this note; right?	
I	recall having a conversation with him.	17	A. I – I – I did not.	
18	Q. Did you ever discuss these two notes			
19	•	19	Q. But somebody at Highland did; is	
20	A. The conversation, I recall, was what	20	that fair? MS_DEITSCH_PEREZ: Object to the	
21	I described earlier. And that is the only time	21	MS. DEITSCH-PEREZ: Object to the	
22	I recall ever discussing this.	22	form.	
23	Q. Okay. But the corporate accounting	23	A. I don't know. I mean, we can go to	
24	group had a copy of this - of these two notes.	24	the legal team. I don't – I'm not sitting	
I	And pursuant to the audit process, the	25	behind someone in legal. Maybe they went to	

1	Page 150 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 151
1	outside counsel. I have no idea.	2	VIDEOGRAPHER: We are back on the	
3	Q. Did you have any reason to believe	3	record at 1:49 p.m.	
1	you weren't authorized to sign this note,	4	Q. Mr. Waterhouse, did you speak with	
1	either of these two notes?	5	anybody during the break about the substance of	
6	A. I think I have already answered that	6	this deposition?	
7	question.	7	A. I spoke to – to Deb and Michelle.	
8	Q. Okay. You didn't give these notes	8	Q. About the substance of the	
9	to PricewaterhouseCoopers; correct?	9	deposition?	
10	MS. DANDENEAU: Objection to form.	10	A. Yes.	
11	A. I don't recall giving these to	11	Q. Can you tell me what you talked	
12	PricewaterhouseCoopers.	12	about?	
13	Q. And in the practice that you have	13	MS. DANDENEAU: No. We object on	
14	described, somebody in the corporate accounting	14	the basis of privilege.	
15	group would have given these two notes to	15	Q. Okay. You are going to follow your	
1	PricewaterhouseCoopers; correct?	16	counsel's objection here?	
17	MS. DANDENEAU: Objection to form.	17	A. Yes.	
18	A. I think I've answered that. I said	18	Q. Okay.	
19	either the corporate accounting team or maybe	19	MR. MORRIS: Can we put up on the	
20	the legal team.	20	screen Exhibit 35.	
21	MR. MORRIS: Okay. Why don't we	21	(Exhibit 35 marked.)	
22	take our lunch break here.	22	Q. Are you able to see that document,	
23	VIDEOGRAPHER: We're going off the	23	sir?	
24	record at 1:04 p.m.	24	A. Yes.	
25	(Recess taken 1:04 p.m. to 1:49 p.m.)	25	Q. Have you ever seen an incumbency	
\vdash	Page 152			Page 153
1	MATERIAL 40 40 04			
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	J
2	certificate before?	1 2	A. Again, I'm not the legal – I don't	3
1	certificate before? A. I have.		A. Again, I'm not the legal – I don't know if this makes me the treasurer or the	3
2 3 4	certificate before? A. I have. Q. Do you have a general understanding	2	A. Again, I'm not the legal – I don't know if this makes me the treasurer or the appointment. I don't know – I don't know	3
2 3 4 5	certificate before? A. I have. Q. Do you have a general understanding of what an incumbency certificate is?	2 3 4 5	A. Again, I'm not the legal – I don't know if this makes me the treasurer or the appointment. I don't know – I don't know that, so I don't – I don't know if that	3
2 3 4 5 6	certificate before? A. I have. Q. Do you have a general understanding of what an incumbency certificate is? A. I have a general understanding.	2 3 4 5 6	A. Again, I'm not the legal – I don't know if this makes me the treasurer or the appointment. I don't know – I don't know that, so I don't – I don't know if that document – again, I think – again, I'm not	3
2 3 4 5 6 7	certificate before? A. I have. Q. Do you have a general understanding of what an incumbency certificate is? A. I have a general understanding. Q. What is your general understanding?	2 3 4 5 6	A. Again, I'm not the legal – I don't know if this makes me the treasurer or the appointment. I don't know – I don't know that, so I don't – I don't know if that document – again, I think – again, I'm not the legal expert. I think isn't there –	3
2 3 4 5 6 7 8	certificate before? A. I have. Q. Do you have a general understanding of what an incumbency certificate is? A. I have a general understanding. Q. What is your general understanding? A. You know, those – my general	2 3 4 5 6 7 8	A. Again, I'm not the legal – I don't know if this makes me the treasurer or the appointment. I don't know – I don't know that, so I don't – I don't know if that document – again, I think – again, I'm not the legal expert. I think isn't there – aren't there other legal documents that detail	
2 3 4 5 6 7 8 9	certificate before? A. I have. Q. Do you have a general understanding of what an incumbency certificate is? A. I have a general understanding. Q. What is your general understanding? A. You know, those – my general understanding is that the incumbency	2 3 4 5 6 7 8 9	A. Again, I'm not the legal – I don't know if this makes me the treasurer or the appointment. I don't know – I don't know that, so I don't – I don't know if that document – again, I think – again, I'm not the legal expert. I think isn't there – aren't there other legal documents that detail who the officers are that could be incorporated	
2 3 4 5 6 7 8 9	certificate before? A. I have. Q. Do you have a general understanding of what an incumbency certificate is? A. I have a general understanding. Q. What is your general understanding? A. You know, those – my general understanding is that the incumbency certificate basically lists folks that can –	2 3 4 5 6 7 8 9	A. Again, I'm not the legal – I don't know if this makes me the treasurer or the appointment. I don't know – I don't know that, so I don't – I don't know if that document – again, I think – again, I'm not the legal expert. I think isn't there – aren't there other legal documents that detail who the officers are that could be incorporated or things like that? Again, I don't want to	
2 3 4 5 6 7 8 9 10	certificate before? A. I have. Q. Do you have a general understanding of what an incumbency certificate is? A. I have a general understanding. Q. What is your general understanding? A. You know, those — my general understanding is that the incumbency certificate basically lists folks that can — are like authorized signers.	2 3 4 5 6 7 8 9 10	A. Again, I'm not the legal – I don't know if this makes me the treasurer or the appointment. I don't know – I don't know that, so I don't – I don't know if that document – again, I think – again, I'm not the legal expert. I think isn't there – aren't there other legal documents that detail who the officers are that could be incorporated or things like that? Again, I don't want to play armchair attorney here.	
2 3 4 5 6 7 8 9 10 11	certificate before? A. I have. Q. Do you have a general understanding of what an incumbency certificate is? A. I have a general understanding. Q. What is your general understanding? A. You know, those – my general understanding is that the incumbency certificate basically lists folks that can – are like authorized signers. Q. Okay. And do you see that this is	2 3 4 5 6 7 8 9 10 11 12	A. Again, I'm not the legal – I don't know if this makes me the treasurer or the appointment. I don't know – I don't know that, so I don't – I don't know if that document – again, I think – again, I'm not the legal expert. I think isn't there – aren't there other legal documents that detail who the officers are that could be incorporated or things like that? Again, I don't want to play armchair attorney here. Q. I'm not asking you for a legal	
2 3 4 5 6 7 8 9 10 11 12 13	certificate before? A. I have. Q. Do you have a general understanding of what an incumbency certificate is? A. I have a general understanding. Q. What is your general understanding? A. You know, those – my general understanding is that the incumbency certificate basically lists folks that can – are like authorized signers. Q. Okay. And do you see that this is an incumbency certificate for Highland Capital	2 3 4 5 6 7 8 9 10 11 12 13	A. Again, I'm not the legal – I don't know if this makes me the treasurer or the appointment. I don't know – I don't know that, so I don't – I don't know if that document – again, I think – again, I'm not the legal expert. I think isn't there – aren't there other legal documents that detail who the officers are that could be incorporated or things like that? Again, I don't want to play armchair attorney here. Q. I'm not asking you for a legal conclusion. I'm asking you for your knowledge	
2 3 4 5 6 7 8 9 10 11 12 13	A. I have. Q. Do you have a general understanding of what an incumbency certificate is? A. I have a general understanding. Q. What is your general understanding? A. You know, those — my general understanding is that the incumbency certificate basically lists folks that can — are like authorized signers. Q. Okay. And do you see that this is an incumbency certificate for Highland Capital Management Fund Advisors, L.P.?	2 3 4 5 6 7 8 9 10 11 12 13 14	A. Again, I'm not the legal – I don't know if this makes me the treasurer or the appointment. I don't know – I don't know that, so I don't – I don't know if that document – again, I think – again, I'm not the legal expert. I think isn't there – aren't there other legal documents that detail who the officers are that could be incorporated or things like that? Again, I don't want to play armchair attorney here. Q. I'm not asking you for a legal conclusion. I'm asking you for your knowledge and understanding. When you signed this	
2 3 4 5 6 7 8 9 10 11 12 13 14 15	A. I have. Q. Do you have a general understanding of what an incumbency certificate is? A. I have a general understanding. Q. What is your general understanding? A. You know, those – my general understanding is that the incumbency certificate basically lists folks that can – are like authorized signers. Q. Okay. And do you see that this is an incumbency certificate for Highland Capital Management Fund Advisors, L.P.? A. Yes.	2 3 4 5 6 7 8 9 10 11 12 13 14 15	A. Again, I'm not the legal – I don't know if this makes me the treasurer or the appointment. I don't know – I don't know that, so I don't – I don't know if that document – again, I think – again, I'm not the legal expert. I think isn't there – aren't there other legal documents that detail who the officers are that could be incorporated or things like that? Again, I don't want to play armchair attorney here. Q. I'm not asking you for a legal conclusion. I'm asking you for your knowledge and understanding. When you signed this document, did you understand that you were	
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	A. I have. Q. Do you have a general understanding of what an incumbency certificate is? A. I have a general understanding. Q. What is your general understanding? A. You know, those – my general understanding? understanding is that the incumbency certificate basically lists folks that can – are like authorized signers. Q. Okay. And do you see that this is an incumbency certificate for Highland Capital Management Fund Advisors, L.P.? A. Yes. Q. Okay. And if we could scroll down	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	A. Again, I'm not the legal – I don't know if this makes me the treasurer or the appointment. I don't know – I don't know that, so I don't – I don't know if that document – again, I think – again, I'm not the legal expert. I think isn't there – aren't there other legal documents that detail who the officers are that could be incorporated or things like that? Again, I don't want to play armchair attorney here. Q. I'm not asking you for a legal conclusion. I'm asking you for your knowledge and understanding. When you signed this document, did you understand that you were accepting an appointment as the treasurer of	
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	certificate before? A. I have. Q. Do you have a general understanding of what an incumbency certificate is? A. I have a general understanding. Q. What is your general understanding? A. You know, those — my general understanding is that the incumbency certificate basically lists folks that can — are like authorized signers. Q. Okay. And do you see that this is an incumbency certificate for Highland Capital Management Fund Advisors, L.P.? A. Yes. Q. Okay. And if we could scroll down just a little bit, do you see that it's dated	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	A. Again, I'm not the legal – I don't know if this makes me the treasurer or the appointment. I don't know – I don't know that, so I don't – I don't know if that document – again, I think – again, I'm not the legal expert. I think isn't there – aren't there other legal documents that detail who the officers are that could be incorporated or things like that? Again, I don't want to play armchair attorney here. Q. I'm not asking you for a legal conclusion. I'm asking you for your knowledge and understanding. When you signed this document, did you understand that you were accepting an appointment as the treasurer of HCMFA?	
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. I have. Q. Do you have a general understanding of what an incumbency certificate is? A. I have a general understanding. Q. What is your general understanding? A. You know, those – my general understanding? A. You know, those – my general understanding is that the incumbency certificate basically lists folks that can – are like authorized signers. Q. Okay. And do you see that this is an incumbency certificate for Highland Capital Management Fund Advisors, L.P.? A. Yes. Q. Okay. And if we could scroll down just a little bit, do you see that it's dated effective as of April 11th, 2019?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. Again, I'm not the legal – I don't know if this makes me the treasurer or the appointment. I don't know – I don't know that, so I don't – I don't know if that document – again, I think – again, I'm not the legal expert. I think isn't there – aren't there other legal documents that detail who the officers are that could be incorporated or things like that? Again, I don't want to play armchair attorney here. Q. I'm not asking you for a legal conclusion. I'm asking you for your knowledge and understanding. When you signed this document, did you understand that you were accepting an appointment as the treasurer of HCMFA? MS. DANDENEAU: Objection to form.	
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	certificate before? A. I have. Q. Do you have a general understanding of what an incumbency certificate is? A. I have a general understanding. Q. What is your general understanding? A. You know, those — my general understanding? A. You know, those — my general understanding is that the incumbency certificate basically lists folks that can — are like authorized signers. Q. Okay. And do you see that this is an incumbency certificate for Highland Capital Management Fund Advisors, L.P.? A. Yes. Q. Okay. And if we could scroll down just a little bit, do you see that it's dated effective as of April 11th, 2019? A. Yes, I see that.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	A. Again, I'm not the legal – I don't know if this makes me the treasurer or the appointment. I don't know – I don't know that, so I don't – I don't know if that document – again, I think – again, I'm not the legal expert. I think isn't there – aren't there other legal documents that detail who the officers are that could be incorporated or things like that? Again, I don't want to play armchair attorney here. Q. I'm not asking you for a legal conclusion. I'm asking you for your knowledge and understanding. When you signed this document, did you understand that you were accepting an appointment as the treasurer of HCMFA? MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Objection, form.	
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	certificate before? A. I have. Q. Do you have a general understanding of what an incumbency certificate is? A. I have a general understanding. Q. What is your general understanding? A. You know, those — my general understanding is that the incumbency certificate basically lists folks that can — are like authorized signers. Q. Okay. And do you see that this is an incumbency certificate for Highland Capital Management Fund Advisors, L.P.? A. Yes. Q. Okay. And if we could scroll down just a little bit, do you see that it's dated effective as of April 11th, 2019? A. Yes, I see that. Q. Okay. And is that your signature in	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	A. Again, I'm not the legal – I don't know if this makes me the treasurer or the appointment. I don't know – I don't know that, so I don't – I don't know if that document – again, I think – again, I'm not the legal expert. I think isn't there – aren't there other legal documents that detail who the officers are that could be incorporated or things like that? Again, I don't want to play armchair attorney here. Q. I'm not asking you for a legal conclusion. I'm asking you for your knowledge and understanding. When you signed this document, did you understand that you were accepting an appointment as the treasurer of HCMFA? MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Objection, form.	
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	certificate before? A. I have. Q. Do you have a general understanding of what an incumbency certificate is? A. I have a general understanding. Q. What is your general understanding? A. You know, those — my general understanding? A. You know, those — my general understanding is that the incumbency certificate basically lists folks that can — are like authorized signers. Q. Okay. And do you see that this is an incumbency certificate for Highland Capital Management Fund Advisors, L.P.? A. Yes. Q. Okay. And if we could scroll down just a little bit, do you see that it's dated effective as of April 11th, 2019? A. Yes, I see that. Q. Okay. And is that your signature in the middle of the signature block?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	A. Again, I'm not the legal – I don't know if this makes me the treasurer or the appointment. I don't know – I don't know that, so I don't – I don't know if that document – again, I think – again, I'm not the legal expert. I think isn't there – aren't there other legal documents that detail who the officers are that could be incorporated or things like that? Again, I don't want to play armchair attorney here. Q. I'm not asking you for a legal conclusion. I'm asking you for your knowledge and understanding. When you signed this document, did you understand that you were accepting an appointment as the treasurer of HCMFA? MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Objection, form. A. Again, I don't think this – that wasn't my understanding. I don't think this	
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	certificate before? A. I have. Q. Do you have a general understanding of what an incumbency certificate is? A. I have a general understanding. Q. What is your general understanding? A. You know, those — my general understanding? A. You know, those — my general understanding is that the incumbency certificate basically lists folks that can — are like authorized signers. Q. Okay. And do you see that this is an incumbency certificate for Highland Capital Management Fund Advisors, L.P.? A. Yes. Q. Okay. And if we could scroll down just a little bit, do you see that it's dated effective as of April 11th, 2019? A. Yes, I see that. Q. Okay. And is that your signature in the middle of the signature block? A. Yes, it is.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. Again, I'm not the legal – I don't know if this makes me the treasurer or the appointment. I don't know – I don't know that, so I don't – I don't know if that document – again, I think – again, I'm not the legal expert. I think isn't there – aren't there other legal documents that detail who the officers are that could be incorporated or things like that? Again, I don't want to play armchair attorney here. Q. I'm not asking you for a legal conclusion. I'm asking you for your knowledge and understanding. When you signed this document, did you understand that you were accepting an appointment as the treasurer of HCMFA? MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Objection, form. A. Again, I don't think this – that wasn't my understanding. I don't think this makes – this document makes me the treasurer.	
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	certificate before? A. I have. Q. Do you have a general understanding of what an incumbency certificate is? A. I have a general understanding. Q. What is your general understanding? A. You know, those — my general understanding? A. You know, those — my general understanding is that the incumbency certificate basically lists folks that can — are like authorized signers. Q. Okay. And do you see that this is an incumbency certificate for Highland Capital Management Fund Advisors, L.P.? A. Yes. Q. Okay. And if we could scroll down just a little bit, do you see that it's dated effective as of April 11th, 2019? A. Yes, I see that. Q. Okay. And is that your signature in the middle of the signature block? A. Yes, it is. Q. And by signing it, did you accept	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. Again, I'm not the legal – I don't know if this makes me the treasurer or the appointment. I don't know – I don't know that, so I don't – I don't know if that document – again, I think – again, I'm not the legal expert. I think isn't there – aren't there other legal documents that detail who the officers are that could be incorporated or things like that? Again, I don't want to play armchair attorney here. Q. I'm not asking you for a legal conclusion. I'm asking you for your knowledge and understanding. When you signed this document, did you understand that you were accepting an appointment as the treasurer of HCMFA? MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Objection, form. A. Again, I don't think this – that wasn't my understanding. I don't think this makes – this document makes me the treasurer. Q. What do you think this document –	
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	certificate before? A. I have. Q. Do you have a general understanding of what an incumbency certificate is? A. I have a general understanding. Q. What is your general understanding? A. You know, those — my general understanding? A. You know, those — my general understanding is that the incumbency certificate basically lists folks that can — are like authorized signers. Q. Okay. And do you see that this is an incumbency certificate for Highland Capital Management Fund Advisors, L.P.? A. Yes. Q. Okay. And if we could scroll down just a little bit, do you see that it's dated effective as of April 11th, 2019? A. Yes, I see that. Q. Okay. And is that your signature in the middle of the signature block? A. Yes, it is.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. Again, I'm not the legal – I don't know if this makes me the treasurer or the appointment. I don't know – I don't know that, so I don't – I don't know if that document – again, I think – again, I'm not the legal expert. I think isn't there – aren't there other legal documents that detail who the officers are that could be incorporated or things like that? Again, I don't want to play armchair attorney here. Q. I'm not asking you for a legal conclusion. I'm asking you for your knowledge and understanding. When you signed this document, did you understand that you were accepting an appointment as the treasurer of HCMFA? MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Objection, form. A. Again, I don't think this – that wasn't my understanding. I don't think this makes – this document makes me the treasurer.	

<u> </u>	Page 154			Page 155
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	
2	form.	2	Q. Did anybody tell you why they needed	
3	MR. MORRIS: You're objecting to the	3	you to sign the document?	
4	form of the question when I asked him why	4	A. Not that I can recall.	
5	did you sign the document? What is the	5	Q. You testified earlier that you	
6	basis for the objection?	6	understood that you served as the acting	
7	MS. DEITSCH-PEREZ: Because, John, I	7	treasurer for HCMFA; correct?	
8	think that it does call for a legal	8	A. Yes.	
9	conclusion other than – with him saying	9	Q. How did you become the acting	
10	because somebody told me to sign this	10	treasurer of HCMFA?	
11	document. But if you want to go there,	11	MS. DANDENEAU: Objection to form.	
12	that is fine.	12	A. I don't I don't know the legal	
13	MR. MORRIS: Okay.	13	I don't know the legal mechanic of how I became	
14	MS. DANDENEAU: I don't think	14	the acting treasurer.	
15	he's already said he's not a lawyer.	15	Q. I'm not asking for the legal	
16	MR. MORRIS: I'll allow the witness	16	mechanic. I'm asking you as the person who	
17	to answer this question.	17	is –	
18	Q. Why did you sign this document, sir?	18	MS. DANDENEAU: John, you said -	
19	A. I mean, our our legal group would	19	MR. MORRIS: Stop.	
20	bring by these incumbency certificates from	20	MS. DANDENEAU: - how did you	
21	time to time. I have no idea why they're being	21	become the treasurer. That is –	
22	updated, and I was asked to sign.	22	MR. MORRIS: Please stop.	
23	Q. Did you ask anybody, what is this	23	MS. DANDENEAU: That is a legal	
24	document?	24	question.	
25	A. No.	25	MR. MORRIS: I am not asking any	
1				
	Page 156			Page 157
1	Page 156 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 157
1 2		1 2	WATERHOUSE - 10-19-21 MS. DANDENEAU: Objection.	Page 157
1	WATERHOUSE - 10-19-21			Page 157
2	WATERHOUSE - 10-19-21 legal questions, to be clear. I'm asking	2	MS. DANDENEAU: Objection.	Page 157
2 3	WATERHOUSE - 10-19-21 legal questions, to be clear. I'm asking for this witness' understanding as to how	2	MS. DANDENEAU: Objection. MR. MORRIS: – withdrawn. You guys	Page 157
2 3 4	WATERHOUSE - 10-19-21 legal questions, to be clear. I'm asking for this witness' understanding as to how he became the acting treasurer of HCMFA.	2 3 4	MS. DANDENEAU: Objection. MR. MORRIS: - withdrawn. You guys want to do this, I can't wait. I can't	Page 157
2 3 4 5	WATERHOUSE - 10-19-21 legal questions, to be clear. I'm asking for this witness' understanding as to how he became the acting treasurer of HCMFA. If he doesn't know, he can say he doesn't	2 3 4 5 6	MS. DANDENEAU: Objection. MR. MORRIS: — withdrawn. You guys want to do this, I can't wait. I can't wait. This is the craziest stuff ever.	Page 157
2 3 4 5 6	WATERHOUSE - 10-19-21 legal questions, to be clear. I'm asking for this witness' understanding as to how he became the acting treasurer of HCMFA. If he doesn't know, he can say he doesn't know, but this legal stuff is nonsense, and	2 3 4 5 6	MS. DANDENEAU: Objection. MR. MORRIS: — withdrawn. You guys want to do this, I can't wait. I can't wait. This is the craziest stuff ever. MS. DANDENEAU: John, he said he's	Page 157
2 3 4 5 6 7 8	WATERHOUSE - 10-19-21 legal questions, to be clear. I'm asking for this witness' understanding as to how he became the acting treasurer of HCMFA. If he doesn't know, he can say he doesn't know, but this legal stuff is nonsense, and I really object to it.	2 3 4 5 6 7	MS. DANDENEAU: Objection. MR. MORRIS: — withdrawn. You guys want to do this, I can't wait. I can't wait. This is the craziest stuff ever. MS. DANDENEAU: John, he said he's not a lawyer, and you are asking him for a	Page 157
2 3 4 5 6 7 8	WATERHOUSE - 10-19-21 legal questions, to be clear. I'm asking for this witness' understanding as to how he became the acting treasurer of HCMFA. If he doesn't know, he can say he doesn't know, but this legal stuff is nonsense, and I really object to it. Q. Sir, I'm asking you a very simple	2 3 4 5 6 7 8	MS. DANDENEAU: Objection. MR. MORRIS: — withdrawn. You guys want to do this, I can't wait. I can't wait. This is the craziest stuff ever. MS. DANDENEAU: John, he said he's not a lawyer, and you are asking him for a legal conclusion, and he says he doesn't	Page 157
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 legal questions, to be clear. I'm asking for this witness' understanding as to how he became the acting treasurer of HCMFA. If he doesn't know, he can say he doesn't know, but this legal stuff is nonsense, and I really object to it. Q. Sir, I'm asking you a very simple question.	2 3 4 5 6 7 8 9	MS. DANDENEAU: Objection. MR. MORRIS: — withdrawn. You guys want to do this, I can't wait. I can't wait. This is the craziest stuff ever. MS. DANDENEAU: John, he said he's not a lawyer, and you are asking him for a legal conclusion, and he says he doesn't know, and you persist.	Page 157
2 3 4 5 6 7 8 9 10	WATERHOUSE - 10-19-21 legal questions, to be clear. I'm asking for this witness' understanding as to how he became the acting treasurer of HCMFA. If he doesn't know, he can say he doesn't know, but this legal stuff is nonsense, and I really object to it. Q. Sir, I'm asking you a very simple question. MS. DANDENEAU: Argumentative.	2 3 4 5 6 7 8 9 10	MS. DANDENEAU: Objection. MR. MORRIS: — withdrawn. You guys want to do this, I can't wait. I can't wait. This is the craziest stuff ever. MS. DANDENEAU: John, he said he's not a lawyer, and you are asking him for a legal conclusion, and he says he doesn't know, and you persist. MR. MORRIS: Okay.	Page 157
2 3 4 5 6 7 8 9 10	WATERHOUSE - 10-19-21 legal questions, to be clear. I'm asking for this witness' understanding as to how he became the acting treasurer of HCMFA. If he doesn't know, he can say he doesn't know, but this legal stuff is nonsense, and I really object to it. Q. Sir, I'm asking you a very simple question. MS. DANDENEAU: Argumentative. Q. You testified – you testified that	2 3 4 5 6 7 8 9 10	MS. DANDENEAU: Objection. MR. MORRIS: — withdrawn. You guys want to do this, I can't wait. I can't wait. This is the craziest stuff ever. MS. DANDENEAU: John, he said he's not a lawyer, and you are asking him for a legal conclusion, and he says he doesn't know, and you persist. MR. MORRIS: Okay. MS. DANDENEAU: So you can ask these	Page 157
2 3 4 5 6 7 8 9 10 11 12	WATERHOUSE - 10-19-21 legal questions, to be clear. I'm asking for this witness' understanding as to how he became the acting treasurer of HCMFA. If he doesn't know, he can say he doesn't know, but this legal stuff is nonsense, and I really object to it. Q. Sir, I'm asking you a very simple question. MS. DANDENEAU: Argumentative. Q. You testified – you testified that you became the acting treasurer of HCM –	2 3 4 5 6 7 8 9 10 11 12	MS. DANDENEAU: Objection. MR. MORRIS: — withdrawn. You guys want to do this, I can't wait. I can't wait. This is the craziest stuff ever. MS. DANDENEAU: John, he said he's not a lawyer, and you are asking him for a legal conclusion, and he says he doesn't know, and you persist. MR. MORRIS: Okay. MS. DANDENEAU: So you can ask these questions —	Page 157
2 3 4 5 6 7 8 9 10 11 12 13	WATERHOUSE - 10-19-21 legal questions, to be clear. I'm asking for this witness' understanding as to how he became the acting treasurer of HCMFA. If he doesn't know, he can say he doesn't know, but this legal stuff is nonsense, and I really object to it. Q. Sir, I'm asking you a very simple question. MS. DANDENEAU: Argumentative. Q. You testified – you testified that you became the acting treasurer of HCM – HCMFA; correct?	2 3 4 5 6 7 8 9 10 11 12 13	MS. DANDENEAU: Objection. MR. MORRIS: — withdrawn. You guys want to do this, I can't wait. I can't wait. This is the craziest stuff ever. MS. DANDENEAU: John, he said he's not a lawyer, and you are asking him for a legal conclusion, and he says he doesn't know, and you persist. MR. MORRIS: Okay. MS. DANDENEAU: So you can ask these questions — MR. MORRIS: Did anyone — please	Page 157
2 3 4 5 6 7 8 9 10 11 12 13 14	WATERHOUSE - 10-19-21 legal questions, to be clear. I'm asking for this witness' understanding as to how he became the acting treasurer of HCMFA. If he doesn't know, he can say he doesn't know, but this legal stuff is nonsense, and I really object to it. Q. Sir, I'm asking you a very simple question. MS. DANDENEAU: Argumentative. Q. You testified – you testified that you became the acting treasurer of HCM – HCMFA; correct? A. Yes.	2 3 4 5 6 7 8 9 10 11 12 13 14	MS. DANDENEAU: Objection. MR. MORRIS: — withdrawn. You guys want to do this, I can't wait. I can't wait. This is the craziest stuff ever. MS. DANDENEAU: John, he said he's not a lawyer, and you are asking him for a legal conclusion, and he says he doesn't know, and you persist. MR. MORRIS: Okay. MS. DANDENEAU: So you can ask these questions — MR. MORRIS: Did anyone — please stop talking.	Page 157
2 3 4 5 6 7 8 9 10 11 12 13 14 15	WATERHOUSE - 10-19-21 legal questions, to be clear. I'm asking for this witness' understanding as to how he became the acting treasurer of HCMFA. If he doesn't know, he can say he doesn't know, but this legal stuff is nonsense, and I really object to it. Q. Sir, I'm asking you a very simple question. MS. DANDENEAU: Argumentative. Q. You testified – you testified that you became the acting treasurer of HCM – HCMFA; correct? A. Yes. Q. How did that happen?	2 3 4 5 6 7 8 9 10 11 12 13 14 15	MS. DANDENEAU: Objection. MR. MORRIS: — withdrawn. You guys want to do this, I can't wait. I can't wait. This is the craziest stuff ever. MS. DANDENEAU: John, he said he's not a lawyer, and you are asking him for a legal conclusion, and he says he doesn't know, and you persist. MR. MORRIS: Okay. MS. DANDENEAU: So you can ask these questions — MR. MORRIS: Did anyone — please stop talking. MS. DANDENEAU: — at another	Page 157
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	WATERHOUSE - 10-19-21 legal questions, to be clear. I'm asking for this witness' understanding as to how he became the acting treasurer of HCMFA. If he doesn't know, he can say he doesn't know, but this legal stuff is nonsense, and I really object to it. Q. Sir, I'm asking you a very simple question. MS. DANDENEAU: Argumentative. Q. You testified – you testified that you became the acting treasurer of HCM – HCMFA; correct? A. Yes. Q. How did that happen? MS. DANDENEAU: Again, object to	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	MS. DANDENEAU: Objection. MR. MORRIS: — withdrawn. You guys want to do this, I can't wait. I can't wait. This is the craziest stuff ever. MS. DANDENEAU: John, he said he's not a lawyer, and you are asking him for a legal conclusion, and he says he doesn't know, and you persist. MR. MORRIS: Okay. MS. DANDENEAU: So you can ask these questions — MR. MORRIS: Did anyone — please stop talking. MS. DANDENEAU: — at another point — no, no, no, I'm entitled to talk,	Page 157
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	WATERHOUSE - 10-19-21 legal questions, to be clear. I'm asking for this witness' understanding as to how he became the acting treasurer of HCMFA. If he doesn't know, he can say he doesn't know, but this legal stuff is nonsense, and I really object to it. Q. Sir, I'm asking you a very simple question. MS. DANDENEAU: Argumentative. Q. You testified – you testified that you became the acting treasurer of HCM – HCMFA; correct? A. Yes. Q. How did that happen? MS. DANDENEAU: Again, object to form.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	MS. DANDENEAU: Objection. MR. MORRIS: — withdrawn. You guys want to do this, I can't wait. I can't wait. This is the craziest stuff ever. MS. DANDENEAU: John, he said he's not a lawyer, and you are asking him for a legal conclusion, and he says he doesn't know, and you persist. MR. MORRIS: Okay. MS. DANDENEAU: So you can ask these questions — MR. MORRIS: Did anyone — please stop talking. MS. DANDENEAU: — at another point — no, no, no, I'm entitled to talk, too; right? If you're going to make these	Page 157
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	WATERHOUSE - 10-19-21 legal questions, to be clear. I'm asking for this witness' understanding as to how he became the acting treasurer of HCMFA. If he doesn't know, he can say he doesn't know, but this legal stuff is nonsense, and I really object to it. Q. Sir, I'm asking you a very simple question. MS. DANDENEAU: Argumentative. Q. You testified – you testified that you became the acting treasurer of HCM – HCMFA; correct? A. Yes. Q. How did that happen? MS. DANDENEAU: Again, object to form. MR. MORRIS: I can't wait to do this	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	MS. DANDENEAU: Objection. MR. MORRIS: — withdrawn. You guys want to do this, I can't wait. I can't wait. This is the craziest stuff ever. MS. DANDENEAU: John, he said he's not a lawyer, and you are asking him for a legal conclusion, and he says he doesn't know, and you persist. MR. MORRIS: Okay. MS. DANDENEAU: So you can ask these questions — MR. MORRIS: Did anyone — please stop talking. MS. DANDENEAU: — at another point — no, no, no, I'm entitled to talk, too; right? If you're going to make these accusations as if we're trying to stonewall	Page 157
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	WATERHOUSE - 10-19-21 legal questions, to be clear. I'm asking for this witness' understanding as to how he became the acting treasurer of HCMFA. If he doesn't know, he can say he doesn't know, but this legal stuff is nonsense, and I really object to it. Q. Sir, I'm asking you a very simple question. MS. DANDENEAU: Argumentative. Q. You testified – you testified that you became the acting treasurer of HCM – HCMFA; correct? A. Yes. Q. How did that happen? MS. DANDENEAU: Again, object to form. MR. MORRIS: I can't wait to do this in a courtroom. Good God.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	MS. DANDENEAU: Objection. MR. MORRIS: — withdrawn. You guys want to do this, I can't wait. I can't wait. This is the craziest stuff ever. MS. DANDENEAU: John, he said he's not a lawyer, and you are asking him for a legal conclusion, and he says he doesn't know, and you persist. MR. MORRIS: Okay. MS. DANDENEAU: So you can ask these questions — MR. MORRIS: Did anyone — please stop talking. MS. DANDENEAU: — at another point — no, no, no, I'm entitled to talk, too; right? If you're going to make these accusations as if we're trying to stonewall you, this is not the witness to ask that	Page 157
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	WATERHOUSE - 10-19-21 legal questions, to be clear. I'm asking for this witness' understanding as to how he became the acting treasurer of HCMFA. If he doesn't know, he can say he doesn't know, but this legal stuff is nonsense, and I really object to it. Q. Sir, I'm asking you a very simple question. MS. DANDENEAU: Argumentative. Q. You testified – you testified that you became the acting treasurer of HCM – HCMFA; correct? A. Yes. Q. How did that happen? MS. DANDENEAU: Again, object to form. MR. MORRIS: I can't wait to do this in a courtroom. Good God. Q. Go ahead, sir. A. I don't know the exact process of	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	MS. DANDENEAU: Objection. MR. MORRIS: — withdrawn. You guys want to do this, I can't wait. I can't wait. This is the craziest stuff ever. MS. DANDENEAU: John, he said he's not a lawyer, and you are asking him for a legal conclusion, and he says he doesn't know, and you persist. MR. MORRIS: Okay. MS. DANDENEAU: So you can ask these questions — MR. MORRIS: Did anyone — please stop talking. MS. DANDENEAU: — at another point — no, no, no, I'm entitled to talk, too; right? If you're going to make these accusations as if we're trying to stonewall you, this is not the witness to ask that question.	Page 157
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	WATERHOUSE - 10-19-21 legal questions, to be clear. I'm asking for this witness' understanding as to how he became the acting treasurer of HCMFA. If he doesn't know, he can say he doesn't know, but this legal stuff is nonsense, and I really object to it. Q. Sir, I'm asking you a very simple question. MS. DANDENEAU: Argumentative. Q. You testified – you testified that you became the acting treasurer of HCM – HCMFA; correct? A. Yes. Q. How did that happen? MS. DANDENEAU: Again, object to form. MR. MORRIS: I can't wait to do this in a courtroom. Good God. Q. Go ahead, sir. A. I don't know the exact process of how that happened.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	MS. DANDENEAU: Objection. MR. MORRIS: — withdrawn. You guys want to do this, I can't wait. I can't wait. This is the craziest stuff ever. MS. DANDENEAU: John, he said he's not a lawyer, and you are asking him for a legal conclusion, and he says he doesn't know, and you persist. MR. MORRIS: Okay. MS. DANDENEAU: So you can ask these questions — MR. MORRIS: Did anyone — please stop talking. MS. DANDENEAU: — at another point — no, no, no, I'm entitled to talk, too; right? If you're going to make these accusations as if we're trying to stonewall you, this is not the witness to ask that question. MR. MORRIS: I can't — I can't wait — I can't wait to do this in a	Page 157
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	WATERHOUSE - 10-19-21 legal questions, to be clear. I'm asking for this witness' understanding as to how he became the acting treasurer of HCMFA. If he doesn't know, he can say he doesn't know, but this legal stuff is nonsense, and I really object to it. Q. Sir, I'm asking you a very simple question. MS. DANDENEAU: Argumentative. Q. You testified – you testified that you became the acting treasurer of HCM – HCMFA; correct? A. Yes. Q. How did that happen? MS. DANDENEAU: Again, object to form. MR. MORRIS: I can't wait to do this in a courtroom. Good God. Q. Go ahead, sir. A. I don't know the exact process of how that happened. Q. Do you have any idea whether signing	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	MS. DANDENEAU: Objection. MR. MORRIS: — withdrawn. You guys want to do this, I can't wait. I can't wait. This is the craziest stuff ever. MS. DANDENEAU: John, he said he's not a lawyer, and you are asking him for a legal conclusion, and he says he doesn't know, and you persist. MR. MORRIS: Okay. MS. DANDENEAU: So you can ask these questions — MR. MORRIS: Did anyone — please stop talking. MS. DANDENEAU: — at another point — no, no, no, I'm entitled to talk, too; right? If you're going to make these accusations as if we're trying to stonewall you, this is not the witness to ask that question. MR. MORRIS: I can't — I can't wait — I can't wait to do this in a courtroom. I will just leave it at that.	Page 157
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	WATERHOUSE - 10-19-21 legal questions, to be clear. I'm asking for this witness' understanding as to how he became the acting treasurer of HCMFA. If he doesn't know, he can say he doesn't know, but this legal stuff is nonsense, and I really object to it. Q. Sir, I'm asking you a very simple question. MS. DANDENEAU: Argumentative. Q. You testified – you testified that you became the acting treasurer of HCM – HCMFA; correct? A. Yes. Q. How did that happen? MS. DANDENEAU: Again, object to form. MR. MORRIS: I can't wait to do this in a courtroom. Good God. Q. Go ahead, sir. A. I don't know the exact process of how that happened.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	MS. DANDENEAU: Objection. MR. MORRIS: — withdrawn. You guys want to do this, I can't wait. I can't wait. This is the craziest stuff ever. MS. DANDENEAU: John, he said he's not a lawyer, and you are asking him for a legal conclusion, and he says he doesn't know, and you persist. MR. MORRIS: Okay. MS. DANDENEAU: So you can ask these questions — MR. MORRIS: Did anyone — please stop talking. MS. DANDENEAU: — at another point — no, no, no, I'm entitled to talk, too; right? If you're going to make these accusations as if we're trying to stonewall you, this is not the witness to ask that question. MR. MORRIS: I can't — I can't wait — I can't wait to do this in a	Page 157

1	Page 158 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 159
2	Q. Did anyone ever tell you, sir, that	2	A. Not that I recall.	
3	even though you were the acting treasurer of	3	Q. Did you ever tell anybody at any	
4	HCMFA, that you were not authorized to sign the	4	time that you weren't authorized to sign the	
+	two promissory notes that we looked at before	5	two promissory notes that we looked at before	
6	lunch?	6	lunch?	
1		7		
7				
8	question. I wasn't – I mean, I'm – I'm the	8	Q. Did you ever tell anybody at any	
9	current acting treasurer.	9	time that you made a mistake when you signed	
10	Q. Did anybody ever tell you at any	10	the two promissory notes that we looked at	
11	time that even though you were the acting	11	before lunch?	
12	treasurer of HCMFA, that you were not	12	A. Not that I recall.	
13	authorized to sign the two promissory notes	13	Q. As you sit here right now, do you	
14	that we looked at before lunch?	14	have any reason to believe that you were not	
15	MS. DANDENEAU: Objection to form.	15	authorized to sign the two documents that we	
16	A. Not that I recall.	16	looked at before lunch?	
17	Q. Did anybody ever tell you at any	17	MS. DANDENEAU: Objection to form.	
18	time that you were not authorized to sign the	18	A. If – if this is the – the valid	
19	two promissory notes that we looked at before	19	incumbency certificate, I mean, this does –	
20	lunch?	20	this does detail who the signers are.	
21	A. Not that I recall.	21	Q. Okay. And looking at that document,	
22	Q. Did anybody ever tell you at any	22	does that give you comfort that you were	
23	time that you should not have signed the two	23	authorized to sign the two promissory notes	
24	promissory notes that we looked at before	24	that we looked at before lunch?	
25	lunch?	25	MS. DEITSCH-PEREZ: Object to the	
	Page 160			Page 161
1	Page 160 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 161
2	WATERHOUSE - 10-19-21 form.	2	A. Not that I'm aware, no.	Page 161
1	WATERHOUSE - 10-19-21 form. MS. DANDENEAU: Objection, form.		A. Not that I'm aware, no.Q. Did you have any reason to believe a	Page 161
2 3 4	WATERHOUSE - 10-19-21 form. MS. DANDENEAU: Objection, form. A. Yes.	2 3 4	A. Not that I'm aware, no. Q. Did you have any reason to believe a year ago that you made a mistake when you	Page 161
2 3 4 5	WATERHOUSE - 10-19-21 form. MS. DANDENEAU: Objection, form. A. Yes. Q. As of October 20th — withdrawn.	2 3 4 5	A. Not that I'm aware, no. Q. Did you have any reason to believe a year ago that you made a mistake when you signed those two notes?	Page 161
2 3 4 5 6	WATERHOUSE - 10-19-21 form. MS. DANDENEAU: Objection, form. A. Yes. Q. As of October 20th — withdrawn. I'm trying to take your mind back to	2 3 4	 A. Not that I'm aware, no. Q. Did you have any reason to believe a year ago that you made a mistake when you signed those two notes? A. Not that I'm aware. 	Page 161
2 3 4 5 6	WATERHOUSE - 10-19-21 form. MS. DANDENEAU: Objection, form. A. Yes. Q. As of October 20th – withdrawn. I'm trying to take your mind back to a year ago, October 2020. Do you recall at	2 3 4 5	 A. Not that I'm aware, no. Q. Did you have any reason to believe a year ago that you made a mistake when you signed those two notes? A. Not that I'm aware. Q. A year ago you believed that HCMFA 	Page 161
2 3 4 5 6	WATERHOUSE - 10-19-21 form. MS. DANDENEAU: Objection, form. A. Yes. Q. As of October 20th – withdrawn. I'm trying to take your mind back to a year ago, October 2020. Do you recall at that time that the boards of the retail funds	2 3 4 5 6	 A. Not that I'm aware, no. Q. Did you have any reason to believe a year ago that you made a mistake when you signed those two notes? A. Not that I'm aware. Q. A year ago you believed that HCMFA owed Highland the unpaid principal amounts that 	Page 161
2 3 4 5 6 7	WATERHOUSE - 10-19-21 form. MS. DANDENEAU: Objection, form. A. Yes. Q. As of October 20th — withdrawn. I'm trying to take your mind back to a year ago, October 2020. Do you recall at that time that the boards of the retail funds were making inquiries about obligations that	2 3 4 5 6 7 8 9	A. Not that I'm aware, no. Q. Did you have any reason to believe a year ago that you made a mistake when you signed those two notes? A. Not that I'm aware. Q. A year ago you believed that HCMFA owed Highland the unpaid principal amounts that were due under those two notes; correct?	Page 161
2 3 4 5 6 7 8	WATERHOUSE - 10-19-21 form. MS. DANDENEAU: Objection, form. A. Yes. Q. As of October 20th — withdrawn. I'm trying to take your mind back to a year ago, October 2020. Do you recall at that time that the boards of the retail funds were making inquiries about obligations that were owed by the advisors to Highland in	2 3 4 5 6 7 8	 A. Not that I'm aware, no. Q. Did you have any reason to believe a year ago that you made a mistake when you signed those two notes? A. Not that I'm aware. Q. A year ago you believed that HCMFA owed Highland the unpaid principal amounts that were due under those two notes; correct? A. They're – they're promissory notes 	Page 161
2 3 4 5 6 7 8 9 10 11	WATERHOUSE - 10-19-21 form. MS. DANDENEAU: Objection, form. A. Yes. Q. As of October 20th – withdrawn. I'm trying to take your mind back to a year ago, October 2020. Do you recall at that time that the boards of the retail funds were making inquiries about obligations that were owed by the advisors to Highland in connection with their 15(c) review?	2 3 4 5 6 7 8 9 10	A. Not that I'm aware, no. Q. Did you have any reason to believe a year ago that you made a mistake when you signed those two notes? A. Not that I'm aware. Q. A year ago you believed that HCMFA owed Highland the unpaid principal amounts that were due under those two notes; correct? A. They're – they're promissory notes that were – as you presented, that were –	Page 161
2 3 4 5 6 7 8 9 10 11 12	WATERHOUSE - 10-19-21 form. MS. DANDENEAU: Objection, form. A. Yes. Q. As of October 20th — withdrawn. I'm trying to take your mind back to a year ago, October 2020. Do you recall at that time that the boards of the retail funds were making inquiries about obligations that were owed by the advisors to Highland in connection with their 15(c) review? MS. DANDENEAU: Objection to form.	2 3 4 5 6 7 8 9	A. Not that I'm aware, no. Q. Did you have any reason to believe a year ago that you made a mistake when you signed those two notes? A. Not that I'm aware. Q. A year ago you believed that HCMFA owed Highland the unpaid principal amounts that were due under those two notes; correct? A. They're – they're promissory notes that were – as you presented, that were – that were executed. Whether they're valid or	Page 161
2 3 4 5 6 7 8 9 10 11	form. MS. DANDENEAU: Objection, form. A. Yes. Q. As of October 20th – withdrawn. I'm trying to take your mind back to a year ago, October 2020. Do you recall at that time that the boards of the retail funds were making inquiries about obligations that were owed by the advisors to Highland in connection with their 15(c) review? MS. DANDENEAU: Objection to form. A. I don't – I don't recall.	2 3 4 5 6 7 8 9 10	A. Not that I'm aware, no. Q. Did you have any reason to believe a year ago that you made a mistake when you signed those two notes? A. Not that I'm aware. Q. A year ago you believed that HCMFA owed Highland the unpaid principal amounts that were due under those two notes; correct? A. They're – they're promissory notes that were – as you presented, that were –	Page 161
2 3 4 5 6 7 8 9 10 11 12	form. MS. DANDENEAU: Objection, form. A. Yes. Q. As of October 20th — withdrawn. I'm trying to take your mind back to a year ago, October 2020. Do you recall at that time that the boards of the retail funds were making inquiries about obligations that were owed by the advisors to Highland in connection with their 15(c) review? MS. DANDENEAU: Objection to form. A. I don't — I don't recall. Q. As of October 2020, you had no	2 3 4 5 6 7 8 9 10 11 12 13 14	A. Not that I'm aware, no. Q. Did you have any reason to believe a year ago that you made a mistake when you signed those two notes? A. Not that I'm aware. Q. A year ago you believed that HCMFA owed Highland the unpaid principal amounts that were due under those two notes; correct? A. They're – they're promissory notes that were – as you presented, that were – that were executed. Whether they're valid or if there's other reasons, I didn't – I don't know.	Page 161
2 3 4 5 6 7 8 9 10 11 12 13	form. MS. DANDENEAU: Objection, form. A. Yes. Q. As of October 20th — withdrawn. I'm trying to take your mind back to a year ago, October 2020. Do you recall at that time that the boards of the retail funds were making inquiries about obligations that were owed by the advisors to Highland in connection with their 15(c) review? MS. DANDENEAU: Objection to form. A. I don't — I don't recall. Q. As of October 2020, you had no reason to believe you weren't authorized to	2 3 4 5 6 7 8 9 10 11 12 13	A. Not that I'm aware, no. Q. Did you have any reason to believe a year ago that you made a mistake when you signed those two notes? A. Not that I'm aware. Q. A year ago you believed that HCMFA owed Highland the unpaid principal amounts that were due under those two notes; correct? A. They're — they're promissory notes that were — as you presented, that were — that were executed. Whether they're valid or if there's other reasons, I didn't — I don't know. Q. I'm not asking you whether they're	Page 161
2 3 4 5 6 7 8 9 10 11 12 13 14	form. MS. DANDENEAU: Objection, form. A. Yes. Q. As of October 20th — withdrawn. I'm trying to take your mind back to a year ago, October 2020. Do you recall at that time that the boards of the retail funds were making inquiries about obligations that were owed by the advisors to Highland in connection with their 15(c) review? MS. DANDENEAU: Objection to form. A. I don't — I don't recall. Q. As of October 2020, you had no reason to believe you weren't authorized to sign the two promissory notes that we just	2 3 4 5 6 7 8 9 10 11 12 13 14	A. Not that I'm aware, no. Q. Did you have any reason to believe a year ago that you made a mistake when you signed those two notes? A. Not that I'm aware. Q. A year ago you believed that HCMFA owed Highland the unpaid principal amounts that were due under those two notes; correct? A. They're – they're promissory notes that were – as you presented, that were – that were executed. Whether they're valid or if there's other reasons, I didn't – I don't know. Q. I'm not asking you whether they're valid or not. I'm asking you for your state of	Page 161
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	form. MS. DANDENEAU: Objection, form. A. Yes. Q. As of October 20th — withdrawn. I'm trying to take your mind back to a year ago, October 2020. Do you recall at that time that the boards of the retail funds were making inquiries about obligations that were owed by the advisors to Highland in connection with their 15(c) review? MS. DANDENEAU: Objection to form. A. I don't — I don't recall. Q. As of October 2020, you had no reason to believe you weren't authorized to	2 3 4 5 6 7 8 9 10 11 12 13 14 15	A. Not that I'm aware, no. Q. Did you have any reason to believe a year ago that you made a mistake when you signed those two notes? A. Not that I'm aware. Q. A year ago you believed that HCMFA owed Highland the unpaid principal amounts that were due under those two notes; correct? A. They're – they're promissory notes that were – as you presented, that were – that were executed. Whether they're valid or if there's other reasons, I didn't – I don't know. Q. I'm not asking you whether they're valid or not. I'm asking you for your state of mind. A year ago you believed that HCMFA	Page 161
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	form. MS. DANDENEAU: Objection, form. A. Yes. Q. As of October 20th — withdrawn. I'm trying to take your mind back to a year ago, October 2020. Do you recall at that time that the boards of the retail funds were making inquiries about obligations that were owed by the advisors to Highland in connection with their 15(c) review? MS. DANDENEAU: Objection to form. A. I don't — I don't recall. Q. As of October 2020, you had no reason to believe you weren't authorized to sign the two promissory notes that we just	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	A. Not that I'm aware, no. Q. Did you have any reason to believe a year ago that you made a mistake when you signed those two notes? A. Not that I'm aware. Q. A year ago you believed that HCMFA owed Highland the unpaid principal amounts that were due under those two notes; correct? A. They're – they're promissory notes that were – as you presented, that were – that were executed. Whether they're valid or if there's other reasons, I didn't – I don't know. Q. I'm not asking you whether they're valid or not. I'm asking you for your state of	Page 161
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	form. MS. DANDENEAU: Objection, form. A. Yes. Q. As of October 20th — withdrawn. I'm trying to take your mind back to a year ago, October 2020. Do you recall at that time that the boards of the retail funds were making inquiries about obligations that were owed by the advisors to Highland in connection with their 15(c) review? MS. DANDENEAU: Objection to form. A. I don't — I don't recall. Q. As of October 2020, you had no reason to believe you weren't authorized to sign the two promissory notes that we just looked at; correct?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	A. Not that I'm aware, no. Q. Did you have any reason to believe a year ago that you made a mistake when you signed those two notes? A. Not that I'm aware. Q. A year ago you believed that HCMFA owed Highland the unpaid principal amounts that were due under those two notes; correct? A. They're – they're promissory notes that were – as you presented, that were – that were executed. Whether they're valid or if there's other reasons, I didn't – I don't know. Q. I'm not asking you whether they're valid or not. I'm asking you for your state of mind. A year ago you believed that HCMFA was – was obligated to pay the unpaid principal amount under the two notes that you	Page 161
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	form. MS. DANDENEAU: Objection, form. A. Yes. Q. As of October 20th — withdrawn. I'm trying to take your mind back to a year ago, October 2020. Do you recall at that time that the boards of the retail funds were making inquiries about obligations that were owed by the advisors to Highland in connection with their 15(c) review? MS. DANDENEAU: Objection to form. A. I don't — I don't recall. Q. As of October 2020, you had no reason to believe you weren't authorized to sign the two promissory notes that we just looked at; correct? MS. DANDENEAU: Objection, form.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. Not that I'm aware, no. Q. Did you have any reason to believe a year ago that you made a mistake when you signed those two notes? A. Not that I'm aware. Q. A year ago you believed that HCMFA owed Highland the unpaid principal amounts that were due under those two notes; correct? A. They're — they're promissory notes that were — as you presented, that were — that were executed. Whether they're valid or if there's other reasons, I didn't — I don't know. Q. I'm not asking you whether they're valid or not. I'm asking you for your state of mind. A year ago you believed that HCMFA was — was obligated to pay the unpaid	Page 161
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	form. MS. DANDENEAU: Objection, form. A. Yes. Q. As of October 20th — withdrawn. I'm trying to take your mind back to a year ago, October 2020. Do you recall at that time that the boards of the retail funds were making inquiries about obligations that were owed by the advisors to Highland in connection with their 15(c) review? MS. DANDENEAU: Objection to form. A. I don't — I don't recall. Q. As of October 2020, you had no reason to believe you weren't authorized to sign the two promissory notes that we just looked at; correct? MS. DANDENEAU: Objection, form. MS. DEITSCH-PEREZ: Objection to	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	A. Not that I'm aware, no. Q. Did you have any reason to believe a year ago that you made a mistake when you signed those two notes? A. Not that I'm aware. Q. A year ago you believed that HCMFA owed Highland the unpaid principal amounts that were due under those two notes; correct? A. They're – they're promissory notes that were – as you presented, that were – that were executed. Whether they're valid or if there's other reasons, I didn't – I don't know. Q. I'm not asking you whether they're valid or not. I'm asking you for your state of mind. A year ago you believed that HCMFA was – was obligated to pay the unpaid principal amount under the two notes that you	Page 161
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	form. MS. DANDENEAU: Objection, form. A. Yes. Q. As of October 20th – withdrawn. I'm trying to take your mind back to a year ago, October 2020. Do you recall at that time that the boards of the retail funds were making inquiries about obligations that were owed by the advisors to Highland in connection with their 15(c) review? MS. DANDENEAU: Objection to form. A. I don't – I don't recall. Q. As of October 2020, you had no reason to believe you weren't authorized to sign the two promissory notes that we just looked at; correct? MS. DANDENEAU: Objection, form. MS. DEITSCH-PEREZ: Objection to form. A. I didn't think about it in October of 2020, but I mean –	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	A. Not that I'm aware, no. Q. Did you have any reason to believe a year ago that you made a mistake when you signed those two notes? A. Not that I'm aware. Q. A year ago you believed that HCMFA owed Highland the unpaid principal amounts that were due under those two notes; correct? A. They're – they're promissory notes that were – as you presented, that were – that were executed. Whether they're valid or if there's other reasons, I didn't – I don't know. Q. I'm not asking you whether they're valid or not. I'm asking you for your state of mind. A year ago you believed that HCMFA was – was obligated to pay the unpaid principal amount under the two notes that you signed; correct?	Page 161
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	form. MS. DANDENEAU: Objection, form. A. Yes. Q. As of October 20th — withdrawn. I'm trying to take your mind back to a year ago, October 2020. Do you recall at that time that the boards of the retail funds were making inquiries about obligations that were owed by the advisors to Highland in connection with their 15(c) review? MS. DANDENEAU: Objection to form. A. I don't — I don't recall. Q. As of October 2020, you had no reason to believe you weren't authorized to sign the two promissory notes that we just looked at; correct? MS. DANDENEAU: Objection, form. MS. DEITSCH-PEREZ: Objection to form. A. I didn't think about it in October	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	A. Not that I'm aware, no. Q. Did you have any reason to believe a year ago that you made a mistake when you signed those two notes? A. Not that I'm aware. Q. A year ago you believed that HCMFA owed Highland the unpaid principal amounts that were due under those two notes; correct? A. They're – they're promissory notes that were – as you presented, that were – that were executed. Whether they're valid or if there's other reasons, I didn't – I don't know. Q. I'm not asking you whether they're valid or not. I'm asking you for your state of mind. A year ago you believed that HCMFA was – was obligated to pay the unpaid principal amount under the two notes that you signed; correct? A. Yeah, I'm – I'm – yes.	Page 161
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	form. MS. DANDENEAU: Objection, form. A. Yes. Q. As of October 20th — withdrawn. I'm trying to take your mind back to a year ago, October 2020. Do you recall at that time that the boards of the retail funds were making inquiries about obligations that were owed by the advisors to Highland in connection with their 15(c) review? MS. DANDENEAU: Objection to form. A. I don't — I don't recall. Q. As of October 2020, you had no reason to believe you weren't authorized to sign the two promissory notes that we just looked at; correct? MS. DANDENEAU: Objection, form. MS. DEITSCH-PEREZ: Objection to form. A. I didn't think about it in October of 2020, but I mean — Q. Did you have any reason to believe at that time that you weren't authorized to	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. Not that I'm aware, no. Q. Did you have any reason to believe a year ago that you made a mistake when you signed those two notes? A. Not that I'm aware. Q. A year ago you believed that HCMFA owed Highland the unpaid principal amounts that were due under those two notes; correct? A. They're – they're promissory notes that were – as you presented, that were – that were executed. Whether they're valid or if there's other reasons, I didn't – I don't know. Q. I'm not asking you whether they're valid or not. I'm asking you for your state of mind. A year ago you believed that HCMFA was – was obligated to pay the unpaid principal amount under the two notes that you signed; correct? A. Yeah, I'm – I'm – yes. Q. Thank you. Are you aware – you're aware that – that in 2017, NexPoint issued a note in favor of Highland in the approximate	Page 161
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	form. MS. DANDENEAU: Objection, form. A. Yes. Q. As of October 20th – withdrawn. I'm trying to take your mind back to a year ago, October 2020. Do you recall at that time that the boards of the retail funds were making inquiries about obligations that were owed by the advisors to Highland in connection with their 15(c) review? MS. DANDENEAU: Objection to form. A. I don't – I don't recall. Q. As of October 2020, you had no reason to believe you weren't authorized to sign the two promissory notes that we just looked at; correct? MS. DANDENEAU: Objection, form. MS. DEITSCH-PEREZ: Objection to form. A. I didn't think about it in October of 2020, but I mean – Q. Did you have any reason to believe	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. Not that I'm aware, no. Q. Did you have any reason to believe a year ago that you made a mistake when you signed those two notes? A. Not that I'm aware. Q. A year ago you believed that HCMFA owed Highland the unpaid principal amounts that were due under those two notes; correct? A. They're – they're promissory notes that were – as you presented, that were – that were executed. Whether they're valid or if there's other reasons, I didn't – I don't know. Q. I'm not asking you whether they're valid or not. I'm asking you for your state of mind. A year ago you believed that HCMFA was – was obligated to pay the unpaid principal amount under the two notes that you signed; correct? A. Yeah, I'm – I'm – yes. Q. Thank you. Are you aware – you're aware that – that in 2017, NexPoint issued a	Page 161

	Page 162			Page 163
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	
2	A. I'm – I'm – I'm generally aware.	2	Q. Sometime in 2021?	
3	Q. Okay. And are you generally aware	3	A. Yes.	
4	that from time to time, after the note was	4	Q. Do you remember what payment he was	
5	issued by NexPoint, that moneys were applied to	5	referring to?	
6	principal and interest that were due under the	6	A. It was the – the payment made in	
7	NexPoint note?	7	January of 2021 or – yeah, January of – of	
8	A. Yes, I'm generally aware.	8	this – January of 2021.	
9	Q. Okay. And did anybody ever tell you	9	Q. Okay. So did anybody ever tell you	
10	that the payments that were made against the	10	at any time that any payment that was made	
11	NexPoint notes were made by mistake?	11	against principal –	
12	A. Yes.	12	A. And – and – and on, and it	
13	Q. And is it the one payment that we	13	may have been other – again, it may have been	
14	talked about earlier today?	14	that payment or – or there may have been what	
1	•	l		
15	A. We talked about a lot of things	15	he was explaining, a misapplication of prior	
16	today. What payment are we talking about?	16	payments as well.	
17	Q. Okay. Who told you that any payment	17	Q. Can you – can you give me any	
18	made against the NexPoint note was made by	18	specificity – withdrawn.	
19	mistake?	19	Withdrawn. Can you tell me	
20	A. D.C. Sauter.	20	everything that Mr. Sauter told you about	
21	Q. When did Mr. Sauter tell you that?	21	about errors in relation to payments made	
22	A. I don't – I don't remember	22	against principal and interest due under the	
23	specifically.	23	NexPoint note?	
24	Q. Do you remember what payments –	24	MS. DANDENEAU: Can I just -	
25	A. Sometime – sometime this year.	25	MR. RUKAVINA: Hold on. Hold on.	
	Page 164	1	WATERHOLISE 10 10 21	Page 165
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	
2	I'm going to object here, and I'm going to	2	Highland's employment, or did it happen after	
3	instruct the witness not to answer	3	you left Highland's employment?	
4	depending on the discussion that you had –	4	A. I don't — I don't recall if — I	
5	Mr. Waterhouse, I'm the lawyer for	5	don't recall. I mean, it was sometime in 2021.	
6	NexPoint, and as everyone here knows, D.C.	6	I don't remember if it was before or after I	
7	Sauter is in-house counsel.	7	was let go from Highland.	
8	So if you and Mr. Sauter were having	8	Q. Okay. So – so nobody told you	
9	a factual discussion and him preparing his	9	prior to 2021 that any error or mistake was	
10	affidavit, et cetera, then go ahead and	10	made in the application of payments against	
11	answer that. But if you were having a	11	principal and interest due on the NexPoint	
12	discussion as to our legal strategy in this	12	note. Do I have that right?	
13	lawsuit, or anything having to do with	13	A. Yeah, I don't - I don't recall this	
14	that, then do not answer that.	14	being in 2020.	
15	And if you need to talk to either	15	Q. Okay. And it didn't happen in 2019;	
16	your counsel or me about that, then we need	16		
17	to have that discussion now.	17	A. I don't recall that happened.	
18	A. Okay. Yeah, I don't – I don't	18	Q. And it didn't happen in 2018;	
19	really know how to make that distinction, so	19	• •	
	•	20	A. I don't – I don't recall that	
1	maybe I need to talk to counsel before I	20		
20	maybe I need to talk to counsel before I	21	nannening	
20 21	answer, or if I can answer.	21	happening.	
20 21 22	answer, or if I can answer. Q. Let me just ask you this question:	22	Q. And it didn't happen in 2017;	
20 21 22 23	answer, or if I can answer. Q. Let me just ask you this question: Did – did you have any conversation with	22 23	Q. And it didn't happen in 2017; correct?	
20 21 22	answer, or if I can answer. Q. Let me just ask you this question:	22	Q. And it didn't happen in 2017;	

Page 166	Page 1 WATERHOUSE - 10-19-21	167
2 conversation took place in 2021. You just	2 Q. Did you tell any of the employees at	
3 don't remember if it was before or after you	Highland before you left Highland's employment	
4 left Highland's employment. Do I have that	4 about this call that you had with Mr. Sauter?	
5 right?	5 MS. DANDENEAU: Objection to form.	
6 A. It was sometime this year. I	6 A. No, I don't – no, I don't recall.	
7 don't – I don't remember.	7 Q. NexPoint to the best of your	
8 Q. Okay. Did you report this	8 knowledge, did NexPoint ever file a proof of	
9 conversation to Mr. Seery at any point?	9 daim against Highland to try to recover moneys	
10 A. I don't believe so.	10 that were mistakenly paid against the principal	
11 Q. Did you report this conversation to	11 and interest due under the note?	
12 anybody at DSI at any time?	12 A. Okay. Hold on. You are saying did	
13 A. I don't recall.	13 NexPoint Advisors file a proof of claim to	
14 Q. Do you have – you don't have a	14 Highland for errors related to payments under	
15 recollection of ever doing that; correct?	15 the NexPoint note to Highland?	
16 A. Yeah, that's right. I don't recall	16 Q. Correct.	
17 doing that.	17 A. I'm – I'm not – I'm not	
18 Q. Do you recall telling anybody at	18 aware.	
19 Pachulski Stang about the conversation you	19 Q. Are you aware –	
20 recall with Mr. Sauter?	20 A. I'm not the legal person here, I	
21 A. No, I don't – I don't recall.	21 don't know.	
22 Q. Did you tell any of the independent	22 Q. I'm just asking for your knowledge,	
23 board members about your conversation with	23 sir.	
24 Mr. Sauter?	24 A. Yeah, I don't know. I'm not aware.	
25 A. I don't recall.	25 Q. Are you aware of any claim of any	
Page 168 1 WATERHOUSE - 10-19-21		169
Page 168	Page	e 169
Page 168 1 WATERHOUSE - 10-19-21	Page 1 WATERHOUSE - 10-19-21	169
Page 168 1 WATERHOUSE - 10-19-21 2 kind that NexPoint has ever made to try to	Page WATERHOUSE - 10-19-21 the same time each year?	e 169
Page 168 1 WATERHOUSE - 10-19-21 2 kind that NexPoint has ever made to try to 3 recover the amounts that it contends were – or	1 WATERHOUSE - 10-19-21 2 the same time each year? 3 A. Yes, it is – it is around the same	e 169
Page 168 1 WATERHOUSE - 10-19-21 2 kind that NexPoint has ever made to try to 3 recover the amounts that it contends were – or 4 that Mr. Sauter contend were mistakenly applied	1 WATERHOUSE - 10-19-21 2 the same time each year? 3 A. Yes, it is – it is around the same 4 time every year.	e 169
Page 168 1 WATERHOUSE - 10-19-21 2 kind that NexPoint has ever made to try to 3 recover the amounts that it contends were or 4 that Mr. Sauter contend were mistakenly applied 5 against principal and interest due under the	1 WATERHOUSE - 10-19-21 2 the same time each year? 3 A. Yes, it is – it is around the same 4 time every year. 5 Q. And what – what time period of the	e 169
Page 168 1 WATERHOUSE - 10-19-21 2 kind that NexPoint has ever made to try to 3 recover the amounts that it contends were – or 4 that Mr. Sauter contend were mistakenly applied 5 against principal and interest due under the 6 NexPoint note?	1 WATERHOUSE - 10-19-21 2 the same time each year? 3 A. Yes, it is – it is around the same 4 time every year. 5 Q. And what – what time period of the 6 year does the renewal process occur?	e 169
Page 168 1 WATERHOUSE - 10-19-21 2 kind that NexPoint has ever made to try to 3 recover the amounts that it contends were – or 4 that Mr. Sauter contend were mistakenly applied 5 against principal and interest due under the 6 NexPoint note? 7 A. I'm not aware.	1 WATERHOUSE - 10-19-21 2 the same time each year? 3 A. Yes, it is – it is around the same 4 time every year. 5 Q. And what – what time period of the 6 year does the renewal process occur? 7 A. Approximately the September	÷ 169
Page 168 1 WATERHOUSE - 10-19-21 2 kind that NexPoint has ever made to try to 3 recover the amounts that it contends were — or 4 that Mr. Sauter contend were mistakenly applied 5 against principal and interest due under the 6 NexPoint note? 7 A. I'm not aware. 8 MS. DANDENEAU: Objection to form.	1 WATERHOUSE - 10-19-21 2 the same time each year? 3 A. Yes, it is – it is around the same 4 time every year. 5 Q. And what – what time period of the 6 year does the renewal process occur? 7 A. Approximately the September 8 timeframe.	2 169
Page 168 1 WATERHOUSE - 10-19-21 2 kind that NexPoint has ever made to try to 3 recover the amounts that it contends were – or 4 that Mr. Sauter contend were mistakenly applied 5 against principal and interest due under the 6 NexPoint note? 7 A. I'm not aware. 8 MS. DANDENEAU: Objection to form. 9 Q. Okay. The advisors' agreements with	1 WATERHOUSE - 10-19-21 2 the same time each year? 3 A. Yes, it is – it is around the same 4 time every year. 5 Q. And what – what time period of the 6 year does the renewal process occur? 7 A. Approximately the September 8 timeframe. 9 Q. During that process, in your	÷ 169
Page 168 1 WATERHOUSE - 10-19-21 2 kind that NexPoint has ever made to try to 3 recover the amounts that it contends were – or 4 that Mr. Sauter contend were mistakenly applied 5 against principal and interest due under the 6 NexPoint note? 7 A. I'm not aware. 8 MS. DANDENEAU: Objection to form. 9 Q. Okay. The advisors' agreements with 10 the retail funds are subject to annual renewal;	1 WATERHOUSE - 10-19-21 2 the same time each year? 3 A. Yes, it is – it is around the same 4 time every year. 5 Q. And what – what time period of the 6 year does the renewal process occur? 7 A. Approximately the September 8 timeframe. 9 Q. During that process, in your 10 experience, does the board typically conduct	÷ 169
Page 168 WATERHOUSE - 10-19-21 kind that NexPoint has ever made to try to recover the amounts that it contends were — or that Mr. Sauter contend were mistakenly applied against principal and interest due under the NexPoint note? A. I'm not aware. MS. DANDENEAU: Objection to form. Q. Okay. The advisors' agreements with the retail funds are subject to annual renewal; torrect?	1 WATERHOUSE - 10-19-21 2 the same time each year? 3 A. Yes, it is – it is around the same 4 time every year. 5 Q. And what – what time period of the 6 year does the renewal process occur? 7 A. Approximately the September 8 timeframe. 9 Q. During that process, in your 10 experience, does the board typically conduct 11 its own diligence and ask for information?	÷ 169
1 WATERHOUSE - 10-19-21 2 kind that NexPoint has ever made to try to 3 recover the amounts that it contends were – or 4 that Mr. Sauter contend were mistakenly applied 5 against principal and interest due under the 6 NexPoint note? 7 A. I'm not aware. 8 MS. DANDENEAU: Objection to form. 9 Q. Okay. The advisors' agreements with 10 the retail funds are subject to annual renewal; 11 correct? 12 A. Yes.	1 WATERHOUSE - 10-19-21 2 the same time each year? 3 A. Yes, it is – it is around the same 4 time every year. 5 Q. And what – what time period of the 6 year does the renewal process occur? 7 A. Approximately the September 8 timeframe. 9 Q. During that process, in your 10 experience, does the board typically conduct 11 its own diligence and ask for information? 12 A. Does the board ask for lots of – I	÷ 169
1 WATERHOUSE - 10-19-21 2 kind that NexPoint has ever made to try to 3 recover the amounts that it contends were – or 4 that Mr. Sauter contend were mistakenly applied 5 against principal and interest due under the 6 NexPoint note? 7 A. I'm not aware. 8 MS. DANDENEAU: Objection to form. 9 Q. Okay. The advisors' agreements with 10 the retail funds are subject to annual renewal; 11 correct? 12 A. Yes. 13 Q. And do you participate in the	1 WATERHOUSE - 10-19-21 2 the same time each year? 3 A. Yes, it is – it is around the same 4 time every year. 5 Q. And what – what time period of the 6 year does the renewal process occur? 7 A. Approximately the September 8 timeframe. 9 Q. During that process, in your 10 experience, does the board typically conduct 11 its own diligence and ask for information? 12 A. Does the board ask for lots of – I 13 mean, just – I mean, lots of information as a	e 169
1 WATERHOUSE - 10-19-21 2 kind that NexPoint has ever made to try to 3 recover the amounts that it contends were — or 4 that Mr. Sauter contend were mistakenly applied 5 against principal and interest due under the 6 NexPoint note? 7 A. I'm not aware. 8 MS. DANDENEAU: Objection to form. 9 Q. Okay. The advisors' agreements with 10 the retail funds are subject to annual renewal; 11 correct? 12 A. Yes. 13 Q. And do you participate in the 14 renewal process each year?	1 WATERHOUSE - 10-19-21 2 the same time each year? 3 A. Yes, it is – it is around the same 4 time every year. 5 Q. And what – what time period of the 6 year does the renewal process occur? 7 A. Approximately the September 8 timeframe. 9 Q. During that process, in your 10 experience, does the board typically conduct 11 its own diligence and ask for information? 12 A. Does the board ask for lots of – I 13 mean, just – I mean, lots of information as a 14 part of that – that – as part of that board	÷ 169
1 WATERHOUSE - 10-19-21 2 kind that NexPoint has ever made to try to 3 recover the amounts that it contends were – or 4 that Mr. Sauter contend were mistakenly applied 5 against principal and interest due under the 6 NexPoint note? 7 A. I'm not aware. 8 MS. DANDENEAU: Objection to form. 9 Q. Okay. The advisors' agreements with 10 the retail funds are subject to annual renewal; 11 correct? 12 A. Yes. 13 Q. And do you participate in the 14 renewal process each year? 15 A. Yes.	1 WATERHOUSE - 10-19-21 2 the same time each year? 3 A. Yes, it is – it is around the same 4 time every year. 5 Q. And what – what time period of the 6 year does the renewal process occur? 7 A. Approximately the September 8 timeframe. 9 Q. During that process, in your 10 experience, does the board typically conduct 11 its own diligence and ask for information? 12 A. Does the board ask for lots of – I 13 mean, just – I mean, lots of information as a 14 part of that – that – as part of that board 15 meeting and that process.	÷ 169
1 WATERHOUSE - 10-19-21 2 kind that NexPoint has ever made to try to 3 recover the amounts that it contends were – or 4 that Mr. Sauter contend were mistakenly applied 5 against principal and interest due under the 6 NexPoint note? 7 A. I'm not aware. 8 MS. DANDENEAU: Objection to form. 9 Q. Okay. The advisors' agreements with 10 the retail funds are subject to annual renewal; 11 correct? 12 A. Yes. 13 Q. And do you participate in the 14 renewal process each year? 15 A. Yes. 16 Q. What role do you play in the renewal	1 WATERHOUSE - 10-19-21 2 the same time each year? 3 A. Yes, it is – it is around the same 4 time every year. 5 Q. And what – what time period of the 6 year does the renewal process occur? 7 A. Approximately the September 8 timeframe. 9 Q. During that process, in your 10 experience, does the board typically conduct 11 its own diligence and ask for information? 12 A. Does the board ask for lots of – I 13 mean, just – I mean, lots of information as a 14 part of that – that – as part of that board 15 meeting and that process. 16 Q. Okay. And do you recall that the	÷ 169
1 WATERHOUSE - 10-19-21 2 kind that NexPoint has ever made to try to 3 recover the amounts that it contends were – or 4 that Mr. Sauter contend were mistakenly applied 5 against principal and interest due under the 6 NexPoint note? 7 A. I'm not aware. 8 MS. DANDENEAU: Objection to form. 9 Q. Okay. The advisors' agreements with 10 the retail funds are subject to annual renewal; 11 correct? 12 A. Yes. 13 Q. And do you participate in the 14 renewal process each year? 15 A. Yes. 16 Q. What role do you play in the renewal 17 process?	1 WATERHOUSE - 10-19-21 2 the same time each year? 3 A. Yes, it is – it is around the same 4 time every year. 5 Q. And what – what time period of the 6 year does the renewal process occur? 7 A. Approximately the September 8 timeframe. 9 Q. During that process, in your 10 experience, does the board typically conduct 11 its own diligence and ask for information? 12 A. Does the board ask for lots of – I 13 mean, just – I mean, lots of information as a 14 part of that – that – as part of that board 15 meeting and that process. 16 Q. Okay. And do you recall that the 17 process in 2020 spilled into October?	e 169
1 WATERHOUSE - 10-19-21 2 kind that NexPoint has ever made to try to 3 recover the amounts that it contends were — or 4 that Mr. Sauter contend were mistakenly applied 5 against principal and interest due under the 6 NexPoint note? 7 A. I'm not aware. 8 MS. DANDENEAU: Objection to form. 9 Q. Okay. The advisors' agreements with 10 the retail funds are subject to annual renewal; 11 correct? 12 A. Yes. 13 Q. And do you participate in the 14 renewal process each year? 15 A. Yes. 16 Q. What role do you play in the renewal 17 process? 18 A. I'm — I'm asked by the retail board	1 WATERHOUSE - 10-19-21 2 the same time each year? 3 A. Yes, it is – it is around the same 4 time every year. 5 Q. And what – what time period of the 6 year does the renewal process occur? 7 A. Approximately the September 8 timeframe. 9 Q. During that process, in your 10 experience, does the board typically conduct 11 its own diligence and ask for information? 12 A. Does the board ask for lots of – I 13 mean, just – I mean, lots of information as a 14 part of that – that – as part of that board 15 meeting and that process. 16 Q. Okay. And do you recall that the 17 process in 2020 spilled into October? 18 A. Yes. Yes.	÷ 169
1 WATERHOUSE - 10-19-21 2 kind that NexPoint has ever made to try to 3 recover the amounts that it contends were – or 4 that Mr. Sauter contend were mistakenly applied 5 against principal and interest due under the 6 NexPoint note? 7 A. I'm not aware. 8 MS. DANDENEAU: Objection to form. 9 Q. Okay. The advisors' agreements with 10 the retail funds are subject to annual renewal; 11 correct? 12 A. Yes. 13 Q. And do you participate in the 14 renewal process each year? 15 A. Yes. 16 Q. What role do you play in the renewal 17 process? 18 A. I'm – I'm asked by the retail board 19 to walk-through the advisors financials.	1 WATERHOUSE - 10-19-21 2 the same time each year? 3 A. Yes, it is – it is around the same 4 time every year. 5 Q. And what – what time period of the 6 year does the renewal process occur? 7 A. Approximately the September 8 timeframe. 9 Q. During that process, in your 10 experience, does the board typically conduct 11 its own diligence and ask for information? 12 A. Does the board ask for lots of – I 13 mean, just – I mean, lots of information as a 14 part of that – that – as part of that board 15 meeting and that process. 16 Q. Okay. And do you recall that the 17 process in 2020 spilled into October? 18 A. Yes. Yes. 19 Q. Okay. And as part of the process in	÷ 169
1 WATERHOUSE - 10-19-21 2 kind that NexPoint has ever made to try to 3 recover the amounts that it contends were — or 4 that Mr. Sauter contend were mistakenly applied 5 against principal and interest due under the 6 NexPoint note? 7 A. I'm not aware. 8 MS. DANDENEAU: Objection to form. 9 Q. Okay. The advisors' agreements with 10 the retail funds are subject to annual renewal; 11 correct? 12 A. Yes. 13 Q. And do you participate in the 14 renewal process each year? 15 A. Yes. 16 Q. What role do you play in the renewal 17 process? 18 A. I'm — I'm asked by the retail board 19 to walk-through the advisors financials. 20 Q. And do you do that in the context of	1 WATERHOUSE - 10-19-21 2 the same time each year? 3 A. Yes, it is – it is around the same 4 time every year. 5 Q. And what – what time period of the 6 year does the renewal process occur? 7 A. Approximately the September 8 timeframe. 9 Q. During that process, in your 10 experience, does the board typically conduct 11 its own diligence and ask for information? 12 A. Does the board ask for lots of – I 13 mean, just – I mean, lots of information as a 14 part of that – that – as part of that board 15 meeting and that process. 16 Q. Okay. And do you recall that the 17 process in 2020 spilled into October? 18 A. Yes. Yes. 19 Q. Okay. And as part of the process in 20 2020, the retail board asked – asked what are	e 169
1 WATERHOUSE - 10-19-21 2 kind that NexPoint has ever made to try to 3 recover the amounts that it contends were – or 4 that Mr. Sauter contend were mistakenly applied 5 against principal and interest due under the 6 NexPoint note? 7 A. I'm not aware. 8 MS. DANDENEAU: Objection to form. 9 Q. Okay. The advisors' agreements with 10 the retail funds are subject to annual renewal; 11 correct? 12 A. Yes. 13 Q. And do you participate in the 14 renewal process each year? 15 A. Yes. 16 Q. What role do you play in the renewal 17 process? 18 A. I'm – I'm asked by the retail board 19 to walk-through the advisors financials. 20 Q. And do you do that in the context of 21 a board meeting?	1 WATERHOUSE - 10-19-21 2 the same time each year? 3 A. Yes, it is – it is around the same 4 time every year. 5 Q. And what – what time period of the 6 year does the renewal process occur? 7 A. Approximately the September 8 timeframe. 9 Q. During that process, in your 10 experience, does the board typically conduct 11 its own diligence and ask for information? 12 A. Does the board ask for lots of – I 13 mean, just – I mean, lots of information as a 14 part of that – that – as part of that board 15 meeting and that process. 16 Q. Okay. And do you recall that the 17 process in 2020 spilled into October? 18 A. Yes. Yes. 19 Q. Okay. And as part of the process in 20 2020, the retail board asked – asked what are 21 referred to as 15(c) questions; right?	÷ 169
1 WATERHOUSE - 10-19-21 2 kind that NexPoint has ever made to try to 3 recover the amounts that it contends were — or 4 that Mr. Sauter contend were mistakenly applied 5 against principal and interest due under the 6 NexPoint note? 7 A. I'm not aware. 8 MS. DANDENEAU: Objection to form. 9 Q. Okay. The advisors' agreements with 10 the retail funds are subject to annual renewal; 11 correct? 12 A. Yes. 13 Q. And do you participate in the 14 renewal process each year? 15 A. Yes. 16 Q. What role do you play in the renewal 17 process? 18 A. I'm – I'm asked by the retail board 19 to walk-through the advisors financials. 20 Q. And do you do that in the context of 21 a board meeting? 22 A. Yes, it is – yes, it is typically	1 WATERHOUSE - 10-19-21 2 the same time each year? 3 A. Yes, it is – it is around the same 4 time every year. 5 Q. And what – what time period of the 6 year does the renewal process occur? 7 A. Approximately the September 8 timeframe. 9 Q. During that process, in your 10 experience, does the board typically conduct 11 its own diligence and ask for information? 12 A. Does the board ask for lots of – I 13 mean, just – I mean, lots of information as a 14 part of that – that – as part of that board 15 meeting and that process. 16 Q. Okay. And do you recall that the 17 process in 2020 spilled into October? 18 A. Yes. Yes. 19 Q. Okay. And as part of the process in 20 2020, the retail board asked – asked what are 21 referred to as 15(c) questions; right? 22 A. I guess I don't want to be – they	÷ 169
1 WATERHOUSE - 10-19-21 2 kind that NexPoint has ever made to try to 3 recover the amounts that it contends were — or 4 that Mr. Sauter contend were mistakenly applied 5 against principal and interest due under the 6 NexPoint note? 7 A. I'm not aware. 8 MS. DANDENEAU: Objection to form. 9 Q. Okay. The advisors' agreements with 10 the retail funds are subject to annual renewal; 11 correct? 12 A. Yes. 13 Q. And do you participate in the 14 renewal process each year? 15 A. Yes. 16 Q. What role do you play in the renewal 17 process? 18 A. I'm – I'm asked by the retail board 19 to walk-through the advisors financials. 20 Q. And do you do that in the context of 21 a board meeting? 22 A. Yes, it is – yes, it is typically 23 done in a board meeting.	1 WATERHOUSE - 10-19-21 2 the same time each year? 3 A. Yes, it is – it is around the same 4 time every year. 5 Q. And what – what time period of the 6 year does the renewal process occur? 7 A. Approximately the September 8 timeframe. 9 Q. During that process, in your 10 experience, does the board typically conduct 11 its own diligence and ask for information? 12 A. Does the board ask for lots of – I 13 mean, just – I mean, lots of information as a 14 part of that – that – as part of that board 15 meeting and that process. 16 Q. Okay. And do you recall that the 17 process in 2020 spilled into October? 18 A. Yes. Yes. 19 Q. Okay. And as part of the process in 20 2020, the retail board asked – asked what are 21 referred to as 15(c) questions; right? 22 A. I guess I don't want to be – they 23 asked 15(c) – are you saying they asked 15(c)	e 169

	ge 170 Page 171
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
2 Q. No, I apologize.	2 up – keep going just a little bit.
3 Do you have an understanding of	3 Q. You will see that there is an email
4 what – of what 15(c) refers to in the context	4 from Lauren Thedford to Thomas Surgent and
5 of the annual renewal process?	5 others where she reports that she was attaching
6 A. Yes, generally.	6 and reproducing below additional 15(c)
7 Q. All right. What is your general	7 follow-up questions from the board.
8 understanding of the term "15(c)" in the	8 Do you see that?
9 context of the annual renewal process?	9 A. Yes.
10 A. I – I think 15(c) is the section	10 Q. And do you see Question No. 2 asks
11 that – that – you know, that – that the	11 whether there are any material outstanding
12 board has to evaluate every year, the retail	12 amounts currently payable or due in the future
13 board. They have to, you know, go through,	13 (e.g., notes) to HCMLP by HCMFA or NexPoint
14 evaluate, and go through that approval process	14 Advisors or any other affiliate that provides
15 on a yearly basis.	15 services to the funds?
16 Q. Okay.	16 Do you see that?
17 MR. MORRIS: Can we put up on the	17 A. Yes.
18 screen Exhibit 36, please.	18 Q. And – and did you – do you recall
19 (Exhibit 36 marked.)	19 that in – in October of 2020 the retail boards
20 MR. MORRIS: I guess let's just	20 were asking for that information?
21 start at the bottom so Mr. Waterhouse can	21 A. I don't recall it, but there –
22 see what is here.	22 they're obviously asking in this email.
23 Q. You see this begins with an email	23 Q. Okay.
24 from Blank Rome to a number of people.	24 MR. MORRIS: Can we scroll up a
25 MR. MORRIS: And if we can scroll	25 little bit, please.
Par	
	ge 172 Page 173
1 WATERHOUSE - 10-19-21	ge 172 Page 173 1 WATERHOUSE - 10-19-21
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
1 WATERHOUSE - 10-19-212 Q. And then do you see that	1 WATERHOUSE - 10-19-21 2 funds as we defined that term?
 WATERHOUSE - 10-19-21 Q. And then do you see that Ms. Thedford includes you on the email string 	1 WATERHOUSE - 10-19-21 2 funds as we defined that term? 3 A. Yes.
 1 WATERHOUSE - 10-19-21 2 Q. And then do you see that 3 Ms. Thedford includes you on the email string 4 on Tuesday, October 6th, at 5:52? 	 WATERHOUSE - 10-19-21 funds as we defined that term? A. Yes. Q. What is your understanding of the
 WATERHOUSE - 10-19-21 Q. And then do you see that Ms. Thedford includes you on the email string on Tuesday, October 6th, at 5:52? A. Yes. 	 WATERHOUSE - 10-19-21 funds as we defined that term? A. Yes. Q. What is your understanding of the positions that Ms. Thedford held at the retail
 WATERHOUSE - 10-19-21 Q. And then do you see that Ms. Thedford includes you on the email string on Tuesday, October 6th, at 5:52? A. Yes. Q. And she asks you and Dave Klos and 	 1 WATERHOUSE - 10-19-21 2 funds as we defined that term? 3 A. Yes. 4 Q. What is your understanding of the 5 positions that Ms. Thedford held at the retail 6 funds?
 WATERHOUSE - 10-19-21 Q. And then do you see that Ms. Thedford includes you on the email string on Tuesday, October 6th, at 5:52? A. Yes. Q. And she asks you and Dave Klos and Kristin Hendrix for advice on that particular 	 WATERHOUSE - 10-19-21 funds as we defined that term? A. Yes. Q. What is your understanding of the positions that Ms. Thedford held at the retail funds? A. I – I recall her being an officer.
 WATERHOUSE - 10-19-21 Q. And then do you see that Ms. Thedford includes you on the email string on Tuesday, October 6th, at 5:52? A. Yes. Q. And she asks you and Dave Klos and Kristin Hendrix for advice on that particular Request No. 2 that I have just read; right? 	 WATERHOUSE - 10-19-21 funds as we defined that term? A. Yes. Q. What is your understanding of the positions that Ms. Thedford held at the retail funds? A. I – I recall her being an officer. I don't recall her title.
WATERHOUSE - 10-19-21 Q. And then do you see that Ms. Thedford includes you on the email string on Tuesday, October 6th, at 5:52? A. Yes. Q. And she asks you and Dave Klos and Kristin Hendrix for advice on that particular Request No. 2 that I have just read; right? A. Yes.	 WATERHOUSE - 10-19-21 funds as we defined that term? A. Yes. Q. What is your understanding of the positions that Ms. Thedford held at the retail funds? A. I – I recall her being an officer. I don't recall her title. Q. Okay. Is she still an officer at
 WATERHOUSE - 10-19-21 Q. And then do you see that Ms. Thedford includes you on the email string on Tuesday, October 6th, at 5:52? A. Yes. Q. And she asks you and Dave Klos and Kristin Hendrix for advice on that particular Request No. 2 that I have just read; right? A. Yes. Q. Okay. Can you tell me who 	 WATERHOUSE - 10-19-21 funds as we defined that term? A. Yes. Q. What is your understanding of the positions that Ms. Thedford held at the retail funds? A. I – I recall her being an officer. I don't recall her title. Q. Okay. Is she still an officer at any of the retail funds today?
1 WATERHOUSE - 10-19-21 2 Q. And then do you see that 3 Ms. Thedford includes you on the email string 4 on Tuesday, October 6th, at 5:52? 5 A. Yes. 6 Q. And she asks you and Dave Klos and 7 Kristin Hendrix for advice on that particular 8 Request No. 2 that I have just read; right? 9 A. Yes. 10 Q. Okay. Can you tell me who 11 Ms. Thedford is?	 WATERHOUSE - 10-19-21 funds as we defined that term? A. Yes. Q. What is your understanding of the positions that Ms. Thedford held at the retail funds? A. I – I recall her being an officer. I don't recall her title. Q. Okay. Is she still an officer at any of the retail funds today? A. No.
 WATERHOUSE - 10-19-21 Q. And then do you see that Ms. Thedford includes you on the email string on Tuesday, October 6th, at 5:52? A. Yes. Q. And she asks you and Dave Klos and Kristin Hendrix for advice on that particular Request No. 2 that I have just read; right? A. Yes. Q. Okay. Can you tell me who Ms. Thedford is? A. She was an attorney that was in the 	 WATERHOUSE - 10-19-21 funds as we defined that term? A. Yes. Q. What is your understanding of the positions that Ms. Thedford held at the retail funds? A. I – I recall her being an officer. I don't recall her title. Q. Okay. Is she still an officer at any of the retail funds today? A. No. Q. Do you know when she ceased to be an
1 WATERHOUSE - 10-19-21 2 Q. And then do you see that 3 Ms. Thedford includes you on the email string 4 on Tuesday, October 6th, at 5:52? 5 A. Yes. 6 Q. And she asks you and Dave Klos and 7 Kristin Hendrix for advice on that particular 8 Request No. 2 that I have just read; right? 9 A. Yes. 10 Q. Okay. Can you tell me who 11 Ms. Thedford is? 12 A. She was an attorney that was in the 13 legal group.	1 WATERHOUSE - 10-19-21 2 funds as we defined that term? 3 A. Yes. 4 Q. What is your understanding of the 5 positions that Ms. Thedford held at the retail 6 funds? 7 A. I – I recall her being an officer. 8 I don't recall her title. 9 Q. Okay. Is she still an officer at 10 any of the retail funds today? 11 A. No. 12 Q. Do you know when she ceased to be an 13 officer of the retail funds?
 WATERHOUSE - 10-19-21 Q. And then do you see that Ms. Thedford includes you on the email string on Tuesday, October 6th, at 5:52? A. Yes. Q. And she asks you and Dave Klos and Kristin Hendrix for advice on that particular Request No. 2 that I have just read; right? A. Yes. Q. Okay. Can you tell me who Ms. Thedford is? A. She was an attorney that was in the legal group. Q. At Highland Capital Management, 	1 WATERHOUSE - 10-19-21 2 funds as we defined that term? 3 A. Yes. 4 Q. What is your understanding of the 5 positions that Ms. Thedford held at the retail 6 funds? 7 A. I – I recall her being an officer. 8 I don't recall her title. 9 Q. Okay. Is she still an officer at 10 any of the retail funds today? 11 A. No. 12 Q. Do you know when she ceased to be an 13 officer of the retail funds? 14 A. Approximately.
 WATERHOUSE - 10-19-21 Q. And then do you see that Ms. Thedford includes you on the email string on Tuesday, October 6th, at 5:52? A. Yes. Q. And she asks you and Dave Klos and Kristin Hendrix for advice on that particular Request No. 2 that I have just read; right? A. Yes. Q. Okay. Can you tell me who Ms. Thedford is? A. She was an attorney that was in the legal group. Q. At Highland Capital Management, L.P.? 	1 WATERHOUSE - 10-19-21 2 funds as we defined that term? 3 A. Yes. 4 Q. What is your understanding of the 5 positions that Ms. Thedford held at the retail 6 funds? 7 A. I – I recall her being an officer. 8 I don't recall her title. 9 Q. Okay. Is she still an officer at 10 any of the retail funds today? 11 A. No. 12 Q. Do you know when she ceased to be an 13 officer of the retail funds? 14 A. Approximately. 15 Q. And when did she approximately cease
 WATERHOUSE - 10-19-21 Q. And then do you see that Ms. Thedford includes you on the email string on Tuesday, October 6th, at 5:52? A. Yes. Q. And she asks you and Dave Klos and Kristin Hendrix for advice on that particular Request No. 2 that I have just read; right? A. Yes. Q. Okay. Can you tell me who Ms. Thedford is? A. She was an attorney that was in the legal group. Q. At Highland Capital Management, L.P.? A. I'm – I'm – I don't 	1 WATERHOUSE - 10-19-21 2 funds as we defined that term? 3 A. Yes. 4 Q. What is your understanding of the 5 positions that Ms. Thedford held at the retail 6 funds? 7 A. I – I recall her being an officer. 8 I don't recall her title. 9 Q. Okay. Is she still an officer at 10 any of the retail funds today? 11 A. No. 12 Q. Do you know when she ceased to be an 13 officer of the retail funds? 14 A. Approximately. 15 Q. And when did she approximately cease 16 to be an officer of the retail funds?
 WATERHOUSE - 10-19-21 Q. And then do you see that Ms. Thedford includes you on the email string on Tuesday, October 6th, at 5:52? A. Yes. Q. And she asks you and Dave Klos and Kristin Hendrix for advice on that particular Request No. 2 that I have just read; right? A. Yes. Q. Okay. Can you tell me who Ms. Thedford is? A. She was an attorney that was in the legal group. Q. At Highland Capital Management, L.P.? A. I'm - I'm - I don't remember if she was an employee of Highland or 	1 WATERHOUSE - 10-19-21 2 funds as we defined that term? 3 A. Yes. 4 Q. What is your understanding of the 5 positions that Ms. Thedford held at the retail 6 funds? 7 A. I – I recall her being an officer. 8 I don't recall her title. 9 Q. Okay. Is she still an officer at 10 any of the retail funds today? 11 A. No. 12 Q. Do you know when she ceased to be an 13 officer of the retail funds? 14 A. Approximately. 15 Q. And when did she approximately cease 16 to be an officer of the retail funds? 17 A. It was in – it was in early of
WATERHOUSE - 10-19-21 Q. And then do you see that Ms. Thedford includes you on the email string on Tuesday, October 6th, at 5:52? A. Yes. Q. And she asks you and Dave Klos and Kristin Hendrix for advice on that particular Request No. 2 that I have just read; right? A. Yes. Q. Okay. Can you tell me who Ms. Thedford is? A. She was an attorney that was in the legal group. Q. At Highland Capital Management, L.P.? A. I'm – I'm – I don't remember if she was an employee of Highland or any of the advisors.	1 WATERHOUSE - 10-19-21 2 funds as we defined that term? 3 A. Yes. 4 Q. What is your understanding of the 5 positions that Ms. Thedford held at the retail 6 funds? 7 A. I – I recall her being an officer. 8 I don't recall her title. 9 Q. Okay. Is she still an officer at 10 any of the retail funds today? 11 A. No. 12 Q. Do you know when she ceased to be an 13 officer of the retail funds? 14 A. Approximately. 15 Q. And when did she approximately cease 16 to be an officer of the retail funds? 17 A. It was in – it was in early of 18 2021.
 WATERHOUSE - 10-19-21 Q. And then do you see that Ms. Thedford includes you on the email string on Tuesday, October 6th, at 5:52? A. Yes. Q. And she asks you and Dave Klos and Kristin Hendrix for advice on that particular Request No. 2 that I have just read; right? A. Yes. Q. Okay. Can you tell me who Ms. Thedford is? A. She was an attorney that was in the legal group. Q. At Highland Capital Management, L.P.? A. I'm - I'm - I don't remember if she was an employee of Highland or any of the advisors. Q. Okay. Do you know if she served as 	1 WATERHOUSE - 10-19-21 2 funds as we defined that term? 3 A. Yes. 4 Q. What is your understanding of the 5 positions that Ms. Thedford held at the retail 6 funds? 7 A. I – I recall her being an officer. 8 I don't recall her title. 9 Q. Okay. Is she still an officer at 10 any of the retail funds today? 11 A. No. 12 Q. Do you know when she ceased to be an 13 officer of the retail funds? 14 A. Approximately. 15 Q. And when did she approximately cease 16 to be an officer of the retail funds? 17 A. It was in – it was in early of 18 2021. 19 Q. Okay. Do you know when she became
WATERHOUSE - 10-19-21 Q. And then do you see that Ms. Thedford includes you on the email string on Tuesday, October 6th, at 5:52? A. Yes. Q. And she asks you and Dave Klos and Kristin Hendrix for advice on that particular Request No. 2 that I have just read; right? A. Yes. Q. Okay. Can you tell me who Ms. Thedford is? A. She was an attorney that was in the legal group. Q. At Highland Capital Management, L.P.? A. I'm – I'm – I don't remember if she was an employee of Highland or any of the advisors. Q. Okay. Do you know if she served as	1 WATERHOUSE - 10-19-21 2 funds as we defined that term? 3 A. Yes. 4 Q. What is your understanding of the 5 positions that Ms. Thedford held at the retail 6 funds? 7 A. I – I recall her being an officer. 8 I don't recall her title. 9 Q. Okay. Is she still an officer at 10 any of the retail funds today? 11 A. No. 12 Q. Do you know when she ceased to be an 13 officer of the retail funds? 14 A. Approximately. 15 Q. And when did she approximately cease 16 to be an officer of the retail funds? 17 A. It was in – it was in early of 18 2021. 19 Q. Okay. Do you know when she became 20 an officer of the retail funds?
WATERHOUSE - 10-19-21 Q. And then do you see that Ms. Thedford includes you on the email string on Tuesday, October 6th, at 5:52? A. Yes. Q. And she asks you and Dave Klos and Kristin Hendrix for advice on that particular Request No. 2 that I have just read; right? A. Yes. Q. Okay. Can you tell me who Ms. Thedford is? A. She was an attorney that was in the legal group. Q. At Highland Capital Management, L.P.? A. I'm – I'm – I don't remember if she was an employee of Highland or any of the advisors. Q. Okay. Do you know if she served as the corporate secretary for both HCMFA and	1 WATERHOUSE - 10-19-21 2 funds as we defined that term? 3 A. Yes. 4 Q. What is your understanding of the 5 positions that Ms. Thedford held at the retail 6 funds? 7 A. I – I recall her being an officer. 8 I don't recall her title. 9 Q. Okay. Is she still an officer at 10 any of the retail funds today? 11 A. No. 12 Q. Do you know when she ceased to be an 13 officer of the retail funds? 14 A. Approximately. 15 Q. And when did she approximately cease 16 to be an officer of the retail funds? 17 A. It was in – it was in early of 18 2021. 19 Q. Okay. Do you know when she became 20 an officer of the retail funds? 21 A. I don't recall.
WATERHOUSE - 10-19-21 Q. And then do you see that Ms. Thedford includes you on the email string on Tuesday, October 6th, at 5:52? A. Yes. Q. And she asks you and Dave Klos and Kristin Hendrix for advice on that particular Request No. 2 that I have just read; right? A. Yes. Q. Okay. Can you tell me who Ms. Thedford is? A. She was an attorney that was in the legal group. A. At Highland Capital Management, L.P.? A. I'm – I'm – I don't remember if she was an employee of Highland or any of the advisors. Q. Okay. Do you know if she served as the corporate secretary for both HCMFA and NexPoint? A. Yes.	1 WATERHOUSE - 10-19-21 2 funds as we defined that term? 3 A. Yes. 4 Q. What is your understanding of the 5 positions that Ms. Thedford held at the retail 6 funds? 7 A. I – I recall her being an officer. 8 I don't recall her title. 9 Q. Okay. Is she still an officer at 10 any of the retail funds today? 11 A. No. 12 Q. Do you know when she ceased to be an 13 officer of the retail funds? 14 A. Approximately. 15 Q. And when did she approximately cease 16 to be an officer of the retail funds? 17 A. It was in – it was in early of 18 2021. 19 Q. Okay. Do you know when she became 20 an officer of the retail funds? 21 A. I don't recall. 22 Q. To the best of your recollection,
WATERHOUSE - 10-19-21 Q. And then do you see that Ms. Thedford includes you on the email string on Tuesday, October 6th, at 5:52? A. Yes. Q. And she asks you and Dave Klos and Kristin Hendrix for advice on that particular Request No. 2 that I have just read; right? A. Yes. Q. Okay. Can you tell me who Ms. Thedford is? A. She was an attorney that was in the legal group. A. Highland Capital Management, L.P.? A. I'm – I'm – I don't remember if she was an employee of Highland or any of the advisors. Q. Okay. Do you know if she served as the corporate secretary for both HCMFA and NexPoint? A. Yes. Q. And – okay.	1 WATERHOUSE - 10-19-21 2 funds as we defined that term? 3 A. Yes. 4 Q. What is your understanding of the 5 positions that Ms. Thedford held at the retail 6 funds? 7 A. I – I recall her being an officer. 8 I don't recall her title. 9 Q. Okay. Is she still an officer at 10 any of the retail funds today? 11 A. No. 12 Q. Do you know when she ceased to be an 13 officer of the retail funds? 14 A. Approximately. 15 Q. And when did she approximately cease 16 to be an officer of the retail funds? 17 A. It was in – it was in early of 18 2021. 19 Q. Okay. Do you know when she became 20 an officer of the retail funds? 21 A. I don't recall. 22 Q. To the best of your recollection, 23 was she an officer of the retail funds in

1 WATERHOUSE - 10-19-21	Page 175
	1 WATERHOUSE - 10-19-21
2 Q. Okay. Do you know what title she	2 refer her to the balance sheet that was
3 held in her capacity as an officer, if any?	3 provided to the board as part of the 15(c)
4 A. I told you I don't remember.	4 materials.
5 Q. Okay. So she sends this email to	5 Do you see that?
6 you at 5:52 p.m. on October 6th.	6 A. Yes.
7 And if we can scroll up to the	7 Q. And – and did the advisors provide
8 response, you responded a minute later with a	8 to the board certain balance sheets in 2020 in
9 one-word answer: Yes.	9 connection with the 15(c) review?
10 Do you see that?	10 A. Yes, they did.
11 A. Yes.	11 Q. Okay. And were the amounts that
12 Q. And – and yes is – yes was in	12 were outstanding or that were to be due in the
13 response to the retail board's Question No. 2,	13 future by the advisors to Highland included in
14 right, whether there are any material	14 the liability section of the balance sheet that
15 outstanding amounts currently payable or due in	15 was given to the retail board?
16 the future?	16 A. Yes. Notes would be reflected as
17 A. Yes.	17 liabilities.
18 MR. MORRIS: And can we scroll up to	18 Q. Okay. And –
19 see what happened next.	19 A. If I'm understanding your question
20 Q. So Ms. Thedford writes back to you a	20 correctly.
21 few minutes later and she asks whether you	21 Q. You are. And – and – and those
22 could provide the amounts.	22 liabilities you – you were – you believed
23 Do you see that?	23 were responsive to the retail board's question;
24 A. Yes.	24 correct?
25 Q. And then you respond further and you	25 A. Yes.
Page 176 1 WATERHOUSE - 10-19-21	Page 177 1 WATERHOUSE - 10-19-21
2 Q. Okay. And then if we can scroll up,	2 questions?
3 you see Ms. Thedford responds to you	3 Q. Yes.
4 nine minutes later with a draft response.	4 A. Yes.
·	5 Q. Thank you.
,	1 3 Q. Halik vou.
I 6 A Voc	-
6 A. Yes.	6 MS. DEITSCH-PEREZ: John, it is not
7 Q. And she says that she is taking from	6 MS. DEITSCH-PEREZ: John, it is not 7 in the chat yet. Can you just make sure it
7 Q. And she says that she is taking from 8 the 6/30 financials certain information about	6 MS. DEITSCH-PEREZ: John, it is not 7 in the chat yet. Can you just make sure it 8 gets put in there.
 Q. And she says that she is taking from the 6/30 financials certain information about amounts that were due to HCMLP and affiliates 	6 MS. DEITSCH-PEREZ: John, it is not 7 in the chat yet. Can you just make sure it 8 gets put in there. 9 MR. MORRIS: Sure.
7 Q. And she says that she is taking from 8 the 6/30 financials certain information about 9 amounts that were due to HCMLP and affiliates 10 as of June 30th, 2020.	6 MS. DEITSCH-PEREZ: John, it is not 7 in the chat yet. Can you just make sure it 8 gets put in there. 9 MR. MORRIS: Sure. 10 MS. CANTY: I put it in there. I
7 Q. And she says that she is taking from 8 the 6/30 financials certain information about 9 amounts that were due to HCMLP and affiliates 10 as of June 30th, 2020. 11 Do you see that?	6 MS. DEITSCH-PEREZ: John, it is not 7 in the chat yet. Can you just make sure it 8 gets put in there. 9 MR. MORRIS: Sure. 10 MS. CANTY: I put it in there. I 11 think maybe I just sent it directly, so let
7 Q. And she says that she is taking from 8 the 6/30 financials certain information about 9 amounts that were due to HCMLP and affiliates 10 as of June 30th, 2020. 11 Do you see that? 12 A. I do.	6 MS. DEITSCH-PEREZ: John, it is not 7 in the chat yet. Can you just make sure it 8 gets put in there. 9 MR. MORRIS: Sure. 10 MS. CANTY: I put it in there. I 11 think maybe I just sent it directly, so let 12 me make sure it says to everyone. But I
7 Q. And she says that she is taking from 8 the 6/30 financials certain information about 9 amounts that were due to HCMLP and affiliates 10 as of June 30th, 2020. 11 Do you see that? 12 A. I do. 13 Q. Okay. And did you believe, as the	6 MS. DEITSCH-PEREZ: John, it is not 7 in the chat yet. Can you just make sure it 8 gets put in there. 9 MR. MORRIS: Sure. 10 MS. CANTY: I put it in there. I 11 think maybe I just sent it directly, so let 12 me make sure it says to everyone. But I 13 did put it in there. I will try again.
7 Q. And she says that she is taking from 8 the 6/30 financials certain information about 9 amounts that were due to HCMLP and affiliates 10 as of June 30th, 2020. 11 Do you see that? 12 A. I do. 13 Q. Okay. And did you believe, as the 14 treasurer of NexPoint and HCMFA and as the CFO	6 MS. DEITSCH-PEREZ: John, it is not 7 in the chat yet. Can you just make sure it 8 gets put in there. 9 MR. MORRIS: Sure. 10 MS. CANTY: I put it in there. I 11 think maybe I just sent it directly, so let 12 me make sure it says to everyone. But I 13 did put it in there. I will try again. 14 MR. MORRIS: Thank you, La Asia.
7 Q. And she says that she is taking from 8 the 6/30 financials certain information about 9 amounts that were due to HCMLP and affiliates 10 as of June 30th, 2020. 11 Do you see that? 12 A. I do. 13 Q. Okay. And did you believe, as the 14 treasurer of NexPoint and HCMFA and as the CFO 15 of Highland, that the information that	6 MS. DEITSCH-PEREZ: John, it is not 7 in the chat yet. Can you just make sure it 8 gets put in there. 9 MR. MORRIS: Sure. 10 MS. CANTY: I put it in there. I 11 think maybe I just sent it directly, so let 12 me make sure it says to everyone. But I 13 did put it in there. I will try again. 14 MR. MORRIS: Thank you, La Asia. 15 MS. DANDENEAU: What number is it.
7 Q. And she says that she is taking from 8 the 6/30 financials certain information about 9 amounts that were due to HCMLP and affiliates 10 as of June 30th, 2020. 11 Do you see that? 12 A. I do. 13 Q. Okay. And did you believe, as the 14 treasurer of NexPoint and HCMFA and as the CFO 15 of Highland, that the information that 16 Ms. Thedford obtained from the 6/30 financials	6 MS. DEITSCH-PEREZ: John, it is not 7 in the chat yet. Can you just make sure it 8 gets put in there. 9 MR. MORRIS: Sure. 10 MS. CANTY: I put it in there. I 11 think maybe I just sent it directly, so let 12 me make sure it says to everyone. But I 13 did put it in there. I will try again. 14 MR. MORRIS: Thank you, La Asia. 15 MS. DANDENEAU: What number is it. 16 MR. MORRIS: What, the Bates number?
7 Q. And she says that she is taking from 8 the 6/30 financials certain information about 9 amounts that were due to HCMLP and affiliates 10 as of June 30th, 2020. 11 Do you see that? 12 A. I do. 13 Q. Okay. And did you believe, as the 14 treasurer of NexPoint and HCMFA and as the CFO 15 of Highland, that the information that 16 Ms. Thedford obtained from the 6/30 financials 17 was accurate and responsive in relation to the	6 MS. DEITSCH-PEREZ: John, it is not 7 in the chat yet. Can you just make sure it 8 gets put in there. 9 MR. MORRIS: Sure. 10 MS. CANTY: I put it in there. I 11 think maybe I just sent it directly, so let 12 me make sure it says to everyone. But I 13 did put it in there. I will try again. 14 MR. MORRIS: Thank you, La Asia. 15 MS. DANDENEAU: What number is it. 16 MR. MORRIS: What, the Bates number? 17 MS. DEITSCH-PEREZ: No, the —
7 Q. And she says that she is taking from 8 the 6/30 financials certain information about 9 amounts that were due to HCMLP and affiliates 10 as of June 30th, 2020. 11 Do you see that? 12 A. I do. 13 Q. Okay. And did you believe, as the 14 treasurer of NexPoint and HCMFA and as the CFO 15 of Highland, that the information that 16 Ms. Thedford obtained from the 6/30 financials 17 was accurate and responsive in relation to the 18 retail fund board's question?	6 MS. DEITSCH-PEREZ: John, it is not 7 in the chat yet. Can you just make sure it 8 gets put in there. 9 MR. MORRIS: Sure. 10 MS. CANTY: I put it in there. I 11 think maybe I just sent it directly, so let 12 me make sure it says to everyone. But I 13 did put it in there. I will try again. 14 MR. MORRIS: Thank you, La Asia. 15 MS. DANDENEAU: What number is it. 16 MR. MORRIS: What, the Bates number? 17 MS. DEITSCH-PEREZ: No, the – 18 this – yeah, 36 is not in the chat.
7 Q. And she says that she is taking from 8 the 6/30 financials certain information about 9 amounts that were due to HCMLP and affiliates 10 as of June 30th, 2020. 11 Do you see that? 12 A. I do. 13 Q. Okay. And did you believe, as the 14 treasurer of NexPoint and HCMFA and as the CFO 15 of Highland, that the information that 16 Ms. Thedford obtained from the 6/30 financials 17 was accurate and responsive in relation to the 18 retail fund board's question? 19 A. I just want to make sure I	6 MS. DEITSCH-PEREZ: John, it is not 7 in the chat yet. Can you just make sure it 8 gets put in there. 9 MR. MORRIS: Sure. 10 MS. CANTY: I put it in there. I 11 think maybe I just sent it directly, so let 12 me make sure it says to everyone. But I 13 did put it in there. I will try again. 14 MR. MORRIS: Thank you, La Asia. 15 MS. DANDENEAU: What number is it. 16 MR. MORRIS: What, the Bates number? 17 MS. DEITSCH-PEREZ: No, the – 18 this – yeah, 36 is not in the chat. 19 MR. MORRIS: Okay. We'll get it.
7 Q. And she says that she is taking from 8 the 6/30 financials certain information about 9 amounts that were due to HCMLP and affiliates 10 as of June 30th, 2020. 11 Do you see that? 12 A. I do. 13 Q. Okay. And did you believe, as the 14 treasurer of NexPoint and HCMFA and as the CFO 15 of Highland, that the information that 16 Ms. Thedford obtained from the 6/30 financials 17 was accurate and responsive in relation to the 18 retail fund board's question? 19 A. I just want to make sure I 20 understand the question.	6 MS. DEITSCH-PEREZ: John, it is not 7 in the chat yet. Can you just make sure it 8 gets put in there. 9 MR. MORRIS: Sure. 10 MS. CANTY: I put it in there. I 11 think maybe I just sent it directly, so let 12 me make sure it says to everyone. But I 13 did put it in there. I will try again. 14 MR. MORRIS: Thank you, La Asia. 15 MS. DANDENEAU: What number is it. 16 MR. MORRIS: What, the Bates number? 17 MS. DEITSCH-PEREZ: No, the – 18 this – yeah, 36 is not in the chat. 19 MR. MORRIS: Okay. We'll get it. 20 MS. DANDENEAU: I think that
7 Q. And she says that she is taking from 8 the 6/30 financials certain information about 9 amounts that were due to HCMLP and affiliates 10 as of June 30th, 2020. 11 Do you see that? 12 A. I do. 13 Q. Okay. And did you believe, as the 14 treasurer of NexPoint and HCMFA and as the CFO 15 of Highland, that the information that 16 Ms. Thedford obtained from the 6/30 financials 17 was accurate and responsive in relation to the 18 retail fund board's question? 19 A. I just want to make sure I 20 understand the question. 21 Are you saying that the financial	6 MS. DEITSCH-PEREZ: John, it is not 7 in the chat yet. Can you just make sure it 8 gets put in there. 9 MR. MORRIS: Sure. 10 MS. CANTY: I put it in there. I 11 think maybe I just sent it directly, so let 12 me make sure it says to everyone. But I 13 did put it in there. I will try again. 14 MR. MORRIS: Thank you, La Asia. 15 MS. DANDENEAU: What number is it. 16 MR. MORRIS: What, the Bates number? 17 MS. DEITSCH-PEREZ: No, the – 18 this – yeah, 36 is not in the chat. 19 MR. MORRIS: Okay. We'll get it. 20 MS. DANDENEAU: I think that 21 Ms. Canty just sent it to me originally.
7 Q. And she says that she is taking from 8 the 6/30 financials certain information about 9 amounts that were due to HCMLP and affiliates 10 as of June 30th, 2020. 11 Do you see that? 12 A. I do. 13 Q. Okay. And did you believe, as the 14 treasurer of NexPoint and HCMFA and as the CFO 15 of Highland, that the information that 16 Ms. Thedford obtained from the 6/30 financials 17 was accurate and responsive in relation to the 18 retail fund board's question? 19 A. I just want to make sure I 20 understand the question. 21 Are you saying that the financial 22 information provided to the retail board as	6 MS. DEITSCH-PEREZ: John, it is not 7 in the chat yet. Can you just make sure it 8 gets put in there. 9 MR. MORRIS: Sure. 10 MS. CANTY: I put it in there. I 11 think maybe I just sent it directly, so let 12 me make sure it says to everyone. But I 13 did put it in there. I will try again. 14 MR. MORRIS: Thank you, La Asia. 15 MS. DANDENEAU: What number is it. 16 MR. MORRIS: What, the Bates number? 17 MS. DEITSCH-PEREZ: No, the – 18 this – yeah, 36 is not in the chat. 19 MR. MORRIS: Okay. We'll get it. 20 MS. DANDENEAU: I think that 21 Ms. Canty just sent it to me originally. 22 Sorry.
7 Q. And she says that she is taking from 8 the 6/30 financials certain information about 9 amounts that were due to HCMLP and affiliates 10 as of June 30th, 2020. 11 Do you see that? 12 A. I do. 13 Q. Okay. And did you believe, as the 14 treasurer of NexPoint and HCMFA and as the CFO 15 of Highland, that the information that 16 Ms. Thedford obtained from the 6/30 financials 17 was accurate and responsive in relation to the 18 retail fund board's question? 19 A. I just want to make sure I 20 understand the question. 21 Are you saying that the financial 22 information provided to the retail board as 23 part of the 15(c) process, which included	6 MS. DEITSCH-PEREZ: John, it is not 7 in the chat yet. Can you just make sure it 8 gets put in there. 9 MR. MORRIS: Sure. 10 MS. CANTY: I put it in there. I 11 think maybe I just sent it directly, so let 12 me make sure it says to everyone. But I 13 did put it in there. I will try again. 14 MR. MORRIS: Thank you, La Asia. 15 MS. DANDENEAU: What number is it. 16 MR. MORRIS: What, the Bates number? 17 MS. DEITSCH-PEREZ: No, the – 18 this – yeah, 36 is not in the chat. 19 MR. MORRIS: Okay. We'll get it. 20 MS. DANDENEAU: I think that 21 Ms. Canty just sent it to me originally. 22 Sorry. 23 MR. MORRIS: Okay. We will get it
7 Q. And she says that she is taking from 8 the 6/30 financials certain information about 9 amounts that were due to HCMLP and affiliates 10 as of June 30th, 2020. 11 Do you see that? 12 A. I do. 13 Q. Okay. And did you believe, as the 14 treasurer of NexPoint and HCMFA and as the CFO 15 of Highland, that the information that 16 Ms. Thedford obtained from the 6/30 financials 17 was accurate and responsive in relation to the 18 retail fund board's question? 19 A. I just want to make sure I 20 understand the question. 21 Are you saying that the financial 22 information provided to the retail board as	6 MS. DEITSCH-PEREZ: John, it is not 7 in the chat yet. Can you just make sure it 8 gets put in there. 9 MR. MORRIS: Sure. 10 MS. CANTY: I put it in there. I 11 think maybe I just sent it directly, so let 12 me make sure it says to everyone. But I 13 did put it in there. I will try again. 14 MR. MORRIS: Thank you, La Asia. 15 MS. DANDENEAU: What number is it. 16 MR. MORRIS: What, the Bates number? 17 MS. DEITSCH-PEREZ: No, the – 18 this – yeah, 36 is not in the chat. 19 MR. MORRIS: Okay. We'll get it. 20 MS. DANDENEAU: I think that 21 Ms. Canty just sent it to me originally. 22 Sorry.

_				
1	Page 178 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 179
2	for everyone.	2	Did – do you know if anybody ever	
3	MS. DEITSCH-PEREZ: Got it. Thank	3	answered the retail board's question that was	
4	you.	4	Number 2?	
5	Q. Do you recall if the proposed	5	A. I don't – I can't say for sure.	
6	response that Ms. Thedford crafted was	6	Q. Okay. Do you recall – I think you	
7	delivered to the retail board with the – with	7	testified earlier that you walked through the	
8	the yellow dates having been completed?	8	advisors' financials with the retail board;	
9	A. I don't know.	9	correct?	
10	MR. MORRIS: Davor, I'm going to ask	10	A. Yes.	
11	that the advisors and – the advisors of	11	Q. And as part of that process, did you	
12	both HCMFA and NexPoint produce to me any	12	disclose to the retail board the obligations	
13	report that was given to the retail board	13	that NexPoint and HCMFA had to Highland under	
14		14	promissory notes?	
15	concerning the promissory notes at issue, including the obligations under the notes.	15	A. The retail board, as I stated	
16			earlier, receives financial information,	
l	Q. Do you know – do you know if	16	balance sheet, income statement information	
17	ultimately NexPoint informed the retail board in response to its question that NexPoint owed	17	from the advisors. That information is	
18	·	18		
19	Highland approximately 23 or \$24 million?	19	provided to the retail board in connection with	
20	MS. DANDENEAU: Objection to the	20	the 15(c) process.	
21	form.	21	So any notes between the advisors	
22	A. Sorry, are you asking, did NexPoint	22	and the Highland would be anything would be	
23	tell the retail board that it owed Highland?	23	detailed in those financial statements.	
24	Q. Let me ask a better question,	24	Q. Do you recall in 2020 ever speaking	
25	Mr. Waterhouse.	25	with the retail board about the advisors'	
	Page 180	1	WATER IOLICE 40 40 24	Page 181
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 181
2	WATERHOUSE - 10-19-21 obligations under the notes to Highland?	2	behalf of HCMFA ever told the retail boards	Page 181
2	WATERHOUSE - 10-19-21 obligations under the notes to Highland? MS. DANDENEAU: Objection to form.	2	behalf of HCMFA ever told the retail boards that you weren't authorized to sign either of	Page 181
2 3 4	WATERHOUSE - 10-19-21 obligations under the notes to Highland? MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Object to the	2 3 4	behalf of HCMFA ever told the retail boards that you weren't authorized to sign either of the two 2019 notes?	Page 181
2 3 4 5	WATERHOUSE - 10-19-21 obligations under the notes to Highland? MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Object to the form.	2 3 4 5	behalf of HCMFA ever told the retail boards that you weren't authorized to sign either of the two 2019 notes? MS. DANDENEAU: Objection to form.	Page 181
2 3 4 5 6	WATERHOUSE - 10-19-21 obligations under the notes to Highland? MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Object to the form. A. I don't recall specifically.	2 3 4 5 6	behalf of HCMFA ever told the retail boards that you weren't authorized to sign either of the two 2019 notes? MS. DANDENEAU: Objection to form. A. I'm not aware.	Page 181
2 3 4 5 6 7	WATERHOUSE - 10-19-21 obligations under the notes to Highland? MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Object to the form. A. I don't recall specifically. Q. Do you have any general recollection	2 3 4 5 6 7	behalf of HCMFA ever told the retail boards that you weren't authorized to sign either of the two 2019 notes? MS. DANDENEAU: Objection to form. A. I'm not aware. Q. Are you aware of anybody on behalf	Page 181
2 3 4 5 6 7 8	WATERHOUSE - 10-19-21 obligations under the notes to Highland? MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Object to the form. A. I don't recall specifically. Q. Do you have any general recollection of discussing with the retail board the	2 3 4 5 6 7 8	behalf of HCMFA ever told the retail boards that you weren't authorized to sign either of the two 2019 notes? MS. DANDENEAU: Objection to form. A. I'm not aware. Q. Are you aware of anybody on behalf of HCMFA ever telling the retail boards that	Page 181
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 obligations under the notes to Highland? MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Object to the form. A. I don't recall specifically. Q. Do you have any general recollection of discussing with the retail board the advisors' obligations to Highland under the	2 3 4 5 6 7 8 9	behalf of HCMFA ever told the retail boards that you weren't authorized to sign either of the two 2019 notes? MS. DANDENEAU: Objection to form. A. I'm not aware. Q. Are you aware of anybody on behalf of HCMFA ever telling the retail boards that your execution of the two 2019 notes was a	Page 181
2 3 4 5 6 7 8 9 10	WATERHOUSE - 10-19-21 obligations under the notes to Highland? MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Object to the form. A. I don't recall specifically. Q. Do you have any general recollection of discussing with the retail board the advisors' obligations to Highland under the notes that they issued?	2 3 4 5 6 7 8 9	behalf of HCMFA ever told the retail boards that you weren't authorized to sign either of the two 2019 notes? MS. DANDENEAU: Objection to form. A. I'm not aware. Q. Are you aware of anybody on behalf of HCMFA ever telling the retail boards that your execution of the two 2019 notes was a mistake?	Page 181
2 3 4 5 6 7 8 9 10 11	WATERHOUSE - 10-19-21 obligations under the notes to Highland? MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Object to the form. A. I don't recall specifically. Q. Do you have any general recollection of discussing with the retail board the advisors' obligations to Highland under the notes that they issued? MS. DANDENEAU: Object to the form.	2 3 4 5 6 7 8 9 10	behalf of HCMFA ever told the retail boards that you weren't authorized to sign either of the two 2019 notes? MS. DANDENEAU: Objection to form. A. I'm not aware. Q. Are you aware of anybody on behalf of HCMFA ever telling the retail boards that your execution of the two 2019 notes was a mistake? MS. DANDENEAU: Objection to form.	Page 181
2 3 4 5 6 7 8 9 10 11 12	WATERHOUSE - 10-19-21 obligations under the notes to Highland? MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Object to the form. A. I don't recall specifically. Q. Do you have any general recollection of discussing with the retail board the advisors' obligations to Highland under the notes that they issued? MS. DANDENEAU: Object to the form. MS. DEITSCH-PEREZ: Object to the	2 3 4 5 6 7 8 9 10 11 12	behalf of HCMFA ever told the retail boards that you weren't authorized to sign either of the two 2019 notes? MS. DANDENEAU: Objection to form. A. I'm not aware. Q. Are you aware of anybody on behalf of HCMFA ever telling the retail boards that your execution of the two 2019 notes was a mistake? MS. DANDENEAU: Objection to form. A. I'm not aware.	Page 181
2 3 4 5 6 7 8 9 10 11 12 13	WATERHOUSE - 10-19-21 obligations under the notes to Highland? MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Object to the form. A. I don't recall specifically. Q. Do you have any general recollection of discussing with the retail board the advisors' obligations to Highland under the notes that they issued? MS. DANDENEAU: Object to the form. MS. DEITSCH-PEREZ: Object to the form.	2 3 4 5 6 7 8 9 10 11 12 13	behalf of HCMFA ever told the retail boards that you weren't authorized to sign either of the two 2019 notes? MS. DANDENEAU: Objection to form. A. I'm not aware. Q. Are you aware of anybody on behalf of HCMFA ever telling the retail boards that your execution of the two 2019 notes was a mistake? MS. DANDENEAU: Objection to form. A. I'm not aware. Q. Are you aware of anybody on behalf	Page 181
2 3 4 5 6 7 8 9 10 11 12 13 14	WATERHOUSE - 10-19-21 obligations under the notes to Highland? MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Object to the form. A. I don't recall specifically. Q. Do you have any general recollection of discussing with the retail board the advisors' obligations to Highland under the notes that they issued? MS. DANDENEAU: Object to the form. MS. DEITSCH-PEREZ: Object to the form. A. I just recall generally just – it	2 3 4 5 6 7 8 9 10 11 12 13 14	behalf of HCMFA ever told the retail boards that you weren't authorized to sign either of the two 2019 notes? MS. DANDENEAU: Objection to form. A. I'm not aware. Q. Are you aware of anybody on behalf of HCMFA ever telling the retail boards that your execution of the two 2019 notes was a mistake? MS. DANDENEAU: Objection to form. A. I'm not aware. Q. Are you aware of anybody on behalf of HCMFA ever telling the retail boards that	Page 181
2 3 4 5 6 7 8 9 10 11 12 13 14 15	WATERHOUSE - 10-19-21 obligations under the notes to Highland? MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Object to the form. A. I don't recall specifically. Q. Do you have any general recollection of discussing with the retail board the advisors' obligations to Highland under the notes that they issued? MS. DANDENEAU: Object to the form. MS. DEITSCH-PEREZ: Object to the form. A. I just recall generally just – it is just – I present the financial statements,	2 3 4 5 6 7 8 9 10 11 12 13 14 15	behalf of HCMFA ever told the retail boards that you weren't authorized to sign either of the two 2019 notes? MS. DANDENEAU: Objection to form. A. I'm not aware. Q. Are you aware of anybody on behalf of HCMFA ever telling the retail boards that your execution of the two 2019 notes was a mistake? MS. DANDENEAU: Objection to form. A. I'm not aware. Q. Are you aware of anybody on behalf of HCMFA ever telling the retail boards that HCMFA did not have to pay the amounts reflected	Page 181
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	WATERHOUSE - 10-19-21 obligations under the notes to Highland? MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Object to the form. A. I don't recall specifically. Q. Do you have any general recollection of discussing with the retail board the advisors' obligations to Highland under the notes that they issued? MS. DANDENEAU: Object to the form. MS. DEITSCH-PEREZ: Object to the form. A. I just recall generally just – it is just – I present the financial statements, and if they have questions, I answer their	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	behalf of HCMFA ever told the retail boards that you weren't authorized to sign either of the two 2019 notes? MS. DANDENEAU: Objection to form. A. I'm not aware. Q. Are you aware of anybody on behalf of HCMFA ever telling the retail boards that your execution of the two 2019 notes was a mistake? MS. DANDENEAU: Objection to form. A. I'm not aware. Q. Are you aware of anybody on behalf of HCMFA ever telling the retail boards that HCMFA did not have to pay the amounts reflected in the two notes that you signed in 2019?	Page 181
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	WATERHOUSE - 10-19-21 obligations under the notes to Highland? MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Object to the form. A. I don't recall specifically. Q. Do you have any general recollection of discussing with the retail board the advisors' obligations to Highland under the notes that they issued? MS. DANDENEAU: Object to the form. MS. DEITSCH-PEREZ: Object to the form. A. I just recall generally just – it is just – I present the financial statements, and if they have questions, I answer their questions and walk them through.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	behalf of HCMFA ever told the retail boards that you weren't authorized to sign either of the two 2019 notes? MS. DANDENEAU: Objection to form. A. I'm not aware. Q. Are you aware of anybody on behalf of HCMFA ever telling the retail boards that your execution of the two 2019 notes was a mistake? MS. DANDENEAU: Objection to form. A. I'm not aware. Q. Are you aware of anybody on behalf of HCMFA ever telling the retail boards that HCMFA did not have to pay the amounts reflected in the two notes that you signed in 2019? A. I'm not aware.	Page 181
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	WATERHOUSE - 10-19-21 obligations under the notes to Highland? MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Object to the form. A. I don't recall specifically. Q. Do you have any general recollection of discussing with the retail board the advisors' obligations to Highland under the notes that they issued? MS. DANDENEAU: Object to the form. MS. DEITSCH-PEREZ: Object to the form. A. I just recall generally just – it is just – I present the financial statements, and if they have questions, I answer their questions and walk them through. I don't recall what they asked. I	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	behalf of HCMFA ever told the retail boards that you weren't authorized to sign either of the two 2019 notes? MS. DANDENEAU: Objection to form. A. I'm not aware. Q. Are you aware of anybody on behalf of HCMFA ever telling the retail boards that your execution of the two 2019 notes was a mistake? MS. DANDENEAU: Objection to form. A. I'm not aware. Q. Are you aware of anybody on behalf of HCMFA ever telling the retail boards that HCMFA did not have to pay the amounts reflected in the two notes that you signed in 2019? A. I'm not aware. Q. Do you know whether anybody ever	Page 181
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	WATERHOUSE - 10-19-21 obligations under the notes to Highland? MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Object to the form. A. I don't recall specifically. Q. Do you have any general recollection of discussing with the retail board the advisors' obligations to Highland under the notes that they issued? MS. DANDENEAU: Object to the form. MS. DEITSCH-PEREZ: Object to the form. A. I just recall generally just – it is just – I present the financial statements, and if they have questions, I answer their questions and walk them through. I don't recall what they asked. I don't recall where the discussion went. I	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	behalf of HCMFA ever told the retail boards that you weren't authorized to sign either of the two 2019 notes? MS. DANDENEAU: Objection to form. A. I'm not aware. Q. Are you aware of anybody on behalf of HCMFA ever telling the retail boards that your execution of the two 2019 notes was a mistake? MS. DANDENEAU: Objection to form. A. I'm not aware. Q. Are you aware of anybody on behalf of HCMFA ever telling the retail boards that HCMFA did not have to pay the amounts reflected in the two notes that you signed in 2019? A. I'm not aware. Q. Do you know whether anybody ever told the retail boards – withdrawn.	Page 181
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	WATERHOUSE - 10-19-21 obligations under the notes to Highland? MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Object to the form. A. I don't recall specifically. Q. Do you have any general recollection of discussing with the retail board the advisors' obligations to Highland under the notes that they issued? MS. DANDENEAU: Object to the form. MS. DEITSCH-PEREZ: Object to the form. A. I just recall generally just – it is just – I present the financial statements, and if they have questions, I answer their questions and walk them through. I don't recall where the discussion went. I don't recall anything of that nature.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	behalf of HCMFA ever told the retail boards that you weren't authorized to sign either of the two 2019 notes? MS. DANDENEAU: Objection to form. A. I'm not aware. Q. Are you aware of anybody on behalf of HCMFA ever telling the retail boards that your execution of the two 2019 notes was a mistake? MS. DANDENEAU: Objection to form. A. I'm not aware. Q. Are you aware of anybody on behalf of HCMFA ever telling the retail boards that HCMFA did not have to pay the amounts reflected in the two notes that you signed in 2019? A. I'm not aware. Q. Do you know whether anybody ever told the retail boards – withdrawn. Do you know whether anybody ever	Page 181
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	WATERHOUSE - 10-19-21 obligations under the notes to Highland? MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Object to the form. A. I don't recall specifically. Q. Do you have any general recollection of discussing with the retail board the advisors' obligations to Highland under the notes that they issued? MS. DANDENEAU: Object to the form. MS. DEITSCH-PEREZ: Object to the form. A. I just recall generally just – it is just – I present the financial statements, and if they have questions, I answer their questions and walk them through. I don't recall what they asked. I don't recall where the discussion went. I don't recall anything of that nature. Q. Okay. Do you know if anybody on	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	behalf of HCMFA ever told the retail boards that you weren't authorized to sign either of the two 2019 notes? MS. DANDENEAU: Objection to form. A. I'm not aware. Q. Are you aware of anybody on behalf of HCMFA ever telling the retail boards that your execution of the two 2019 notes was a mistake? MS. DANDENEAU: Objection to form. A. I'm not aware. Q. Are you aware of anybody on behalf of HCMFA ever telling the retail boards that HCMFA did not have to pay the amounts reflected in the two notes that you signed in 2019? A. I'm not aware. Q. Do you know whether anybody ever told the retail boards – withdrawn. Do you know whether anybody ever told the retail boards that Highland has	Page 181
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	WATERHOUSE - 10-19-21 obligations under the notes to Highland? MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Object to the form. A. I don't recall specifically. Q. Do you have any general recollection of discussing with the retail board the advisors' obligations to Highland under the notes that they issued? MS. DANDENEAU: Object to the form. MS. DEITSCH-PEREZ: Object to the form. A. I just recall generally just – it is just – I present the financial statements, and if they have questions, I answer their questions and walk them through. I don't recall what they asked. I don't recall where the discussion went. I don't recall anything of that nature. Q. Okay. Do you know if anybody on behalf of HCMF – HCMFA ever told the retail	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	behalf of HCMFA ever told the retail boards that you weren't authorized to sign either of the two 2019 notes? MS. DANDENEAU: Objection to form. A. I'm not aware. Q. Are you aware of anybody on behalf of HCMFA ever telling the retail boards that your execution of the two 2019 notes was a mistake? MS. DANDENEAU: Objection to form. A. I'm not aware. Q. Are you aware of anybody on behalf of HCMFA ever telling the retail boards that HCMFA did not have to pay the amounts reflected in the two notes that you signed in 2019? A. I'm not aware. Q. Do you know whether anybody ever told the retail boards — withdrawn. Do you know whether anybody ever told the retail boards that Highland has commenced a lawsuit to recover on the two notes	Page 181
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	WATERHOUSE - 10-19-21 obligations under the notes to Highland? MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Object to the form. A. I don't recall specifically. Q. Do you have any general recollection of discussing with the retail board the advisors' obligations to Highland under the notes that they issued? MS. DANDENEAU: Object to the form. MS. DEITSCH-PEREZ: Object to the form. A. I just recall generally just – it is just – I present the financial statements, and if they have questions, I answer their questions and walk them through. I don't recall what they asked. I don't recall where the discussion went. I don't recall anything of that nature. Q. Okay. Do you know if anybody on behalf of HCMF – HCMFA ever told the retail board that HCMFA had no obligations under the	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	behalf of HCMFA ever told the retail boards that you weren't authorized to sign either of the two 2019 notes? MS. DANDENEAU: Objection to form. A. I'm not aware. Q. Are you aware of anybody on behalf of HCMFA ever telling the retail boards that your execution of the two 2019 notes was a mistake? MS. DANDENEAU: Objection to form. A. I'm not aware. Q. Are you aware of anybody on behalf of HCMFA ever telling the retail boards that HCMFA did not have to pay the amounts reflected in the two notes that you signed in 2019? A. I'm not aware. Q. Do you know whether anybody ever told the retail boards – withdrawn. Do you know whether anybody ever told the retail boards that Highland has	Page 181
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	WATERHOUSE - 10-19-21 obligations under the notes to Highland? MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Object to the form. A. I don't recall specifically. Q. Do you have any general recollection of discussing with the retail board the advisors' obligations to Highland under the notes that they issued? MS. DANDENEAU: Object to the form. MS. DEITSCH-PEREZ: Object to the form. A. I just recall generally just – it is just – I present the financial statements, and if they have questions, I answer their questions and walk them through. I don't recall what they asked. I don't recall where the discussion went. I don't recall anything of that nature. Q. Okay. Do you know if anybody on behalf of HCMF – HCMFA ever told the retail board that HCMFA had no obligations under the two 2019 notes that you signed? Withdrawn.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	behalf of HCMFA ever told the retail boards that you weren't authorized to sign either of the two 2019 notes? MS. DANDENEAU: Objection to form. A. I'm not aware. Q. Are you aware of anybody on behalf of HCMFA ever telling the retail boards that your execution of the two 2019 notes was a mistake? MS. DANDENEAU: Objection to form. A. I'm not aware. Q. Are you aware of anybody on behalf of HCMFA ever telling the retail boards that HCMFA did not have to pay the amounts reflected in the two notes that you signed in 2019? A. I'm not aware. Q. Do you know whether anybody ever told the retail boards — withdrawn. Do you know whether anybody ever told the retail boards that Highland has commenced a lawsuit to recover on the two notes that you signed in 2019? A. I'm not aware.	Page 181
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	WATERHOUSE - 10-19-21 obligations under the notes to Highland? MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Object to the form. A. I don't recall specifically. Q. Do you have any general recollection of discussing with the retail board the advisors' obligations to Highland under the notes that they issued? MS. DANDENEAU: Object to the form. MS. DEITSCH-PEREZ: Object to the form. A. I just recall generally just – it is just – I present the financial statements, and if they have questions, I answer their questions and walk them through. I don't recall what they asked. I don't recall where the discussion went. I don't recall anything of that nature. Q. Okay. Do you know if anybody on behalf of HCMF – HCMFA ever told the retail board that HCMFA had no obligations under the	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	behalf of HCMFA ever told the retail boards that you weren't authorized to sign either of the two 2019 notes? MS. DANDENEAU: Objection to form. A. I'm not aware. Q. Are you aware of anybody on behalf of HCMFA ever telling the retail boards that your execution of the two 2019 notes was a mistake? MS. DANDENEAU: Objection to form. A. I'm not aware. Q. Are you aware of anybody on behalf of HCMFA ever telling the retail boards that HCMFA did not have to pay the amounts reflected in the two notes that you signed in 2019? A. I'm not aware. Q. Do you know whether anybody ever told the retail boards - withdrawn. Do you know whether anybody ever told the retail boards that Highland has commenced a lawsuit to recover on the two notes that you signed in 2019?	Page 181

_				
1	Page 182 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 183
2	the retail boards that Highland has sued to	2	Q. Okay. And do you see that Dustin	
3	recover on the NexPoint note?	3	Norris is copied on this email?	
4	A. I'm not aware.	4	A. Yes, he is.	
5	Q. Do you know whether anybody ever	5	Q. Great. Do you know whether	
6	told the retail board that Highland had	6	Mr. Norris held any positions at either of the	
7	declared a default with respect to the two	7	advisors as of October 6, 2020?	
8	HCMFA notes that you signed in 2019?	8	A. I will go back to - I'm not the	
9	A. I'm not aware.	9	legal expert of what appoints you or how or	
10	Q. Are you aware of anybody ever	10	why, but you did see Dustin's name on the	
11	informing the retail boards that Highland had	11	incumbency certificate that you produced	
12	declared a default under the NexPoint note?	12	earlier.	
13	A. I'm not aware.	13	Q. Do you know what his title was in	
14	Q. Are you aware of anybody telling the	14	October of 2020?	
15	retail board that Highland made a demand for	15	MS. DANDENEAU: Objection to form.	
16	payment under the 2019 notes that you signed on	16	A. I don't - I don't recall.	
17	behalf of HCMFA?	17	Q. Was he – did he have a title with	
18	A. I'm not aware.	18	each of the advisors, to the best of your	
19	Q. Let's – let's see if there is a	19	recollection?	
20	response to Ms. Thedford's email, if we can	20	A. I don't recall.	
21	scroll up.	21	Q. Do you know why he is included on	
22	Do you see you responded to	22	this email string?	
23	Ms. Thedford five minutes after she provided	23	A. I didn't add Dustin. It looks like	
24	the draft response to you?	24	Lauren did. I don't know why she added him or	
25	A. Yes.	25	not. You would have to ask her.	
1				
	Page 184			Page 185
1	Page 184 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 185
1 2		1 2	WATERHOUSE - 10-19-21 MS. DANDENEAU: Objection to form.	Page 185
1	WATERHOUSE - 10-19-21			Page 185
2	WATERHOUSE - 10-19-21 Q. Does Mr. Norris play a role in	2	MS. DANDENEAU: Objection to form.	Page 185
2 3	WATERHOUSE - 10-19-21 Q. Does Mr. Norris play a role in formulating the advisors' responses to the	2	MS. DANDENEAU: Objection to form. A. That would be Jason as well.	Page 185
2 3	WATERHOUSE - 10-19-21 Q. Does Mr. Norris play a role in formulating the advisors' responses to the questions asked by the retail board in	2	MS. DANDENEAU: Objection to form. A. That would be Jason as well. Q. Okay. Now, looking at your	Page 185
2 3 4 5	WATERHOUSE - 10-19-21 Q. Does Mr. Norris play a role in formulating the advisors' responses to the questions asked by the retail board in connection with the 15(c) annual review?	2 3 4 5	MS. DANDENEAU: Objection to form. A. That would be Jason as well. Q. Okay. Now, looking at your response, you noted initially that nothing was	Page 185
2 3 4 5 6	WATERHOUSE - 10-19-21 Q. Does Mr. Norris play a role in formulating the advisors' responses to the questions asked by the retail board in connection with the 15(c) annual review? MS. DANDENEAU: Objection to form.	2 3 4 5 6	MS. DANDENEAU: Objection to form. A. That would be Jason as well. Q. Okay. Now, looking at your response, you noted initially that nothing was owed under shared services. Do I have that	Page 185
2 3 4 5 6 7	WATERHOUSE - 10-19-21 Q. Does Mr. Norris play a role in formulating the advisors' responses to the questions asked by the retail board in connection with the 15(c) annual review? MS. DANDENEAU: Objection to form. A. He – Dustin Norris is there in the	2 3 4 5 6 7	MS. DANDENEAU: Objection to form. A. That would be Jason as well. Q. Okay. Now, looking at your response, you noted initially that nothing was owed under shared services. Do I have that right in substance?	Page 185
2 3 4 5 6 7 8	WATERHOUSE - 10-19-21 Q. Does Mr. Norris play a role in formulating the advisors' responses to the questions asked by the retail board in connection with the 15(c) annual review? MS. DANDENEAU: Objection to form. A. He – Dustin Norris is there in the board meetings. But – so he has a role, yes. Q. Okay. And does Mr. Norris hold any positions, to the best of your knowledge, in	2 3 4 5 6 7 8	MS. DANDENEAU: Objection to form. A. That would be Jason as well. Q. Okay. Now, looking at your response, you noted initially that nothing was owed under shared services. Do I have that right in substance? A. Yeah. I think I'm being responsive	Page 185
2 3 4 5 6 7 8 9 10 11	WATERHOUSE - 10-19-21 Q. Does Mr. Norris play a role in formulating the advisors' responses to the questions asked by the retail board in connection with the 15(c) annual review? MS. DANDENEAU: Objection to form. A. He – Dustin Norris is there in the board meetings. But – so he has a role, yes. Q. Okay. And does Mr. Norris hold any positions, to the best of your knowledge, in relation to any of the retail funds?	2 3 4 5 6 7 8 9 10	MS. DANDENEAU: Objection to form. A. That would be Jason as well. Q. Okay. Now, looking at your response, you noted initially that nothing was owed under shared services. Do I have that right in substance? A. Yeah. I think I'm being responsive to Lauren's question here, whether any of the shared service invoices are outstanding. Q. Right.	Page 185
2 3 4 5 6 7 8 9 10 11 12	WATERHOUSE - 10-19-21 Q. Does Mr. Norris play a role in formulating the advisors' responses to the questions asked by the retail board in connection with the 15(c) annual review? MS. DANDENEAU: Objection to form. A. He – Dustin Norris is there in the board meetings. But – so he has a role, yes. Q. Okay. And does Mr. Norris hold any positions, to the best of your knowledge, in relation to any of the retail funds? A. I don't – I don't believe he does.	2 3 4 5 6 7 8 9 10 11 12	MS. DANDENEAU: Objection to form. A. That would be Jason as well. Q. Okay. Now, looking at your response, you noted initially that nothing was owed under shared services. Do I have that right in substance? A. Yeah. I think I'm being responsive to Lauren's question here, whether any of the shared service invoices are outstanding. Q. Right. A. Yes.	Page 185
2 3 4 5 6 7 8 9 10 11	WATERHOUSE - 10-19-21 Q. Does Mr. Norris play a role in formulating the advisors' responses to the questions asked by the retail board in connection with the 15(c) annual review? MS. DANDENEAU: Objection to form. A. He – Dustin Norris is there in the board meetings. But – so he has a role, yes. Q. Okay. And does Mr. Norris hold any positions, to the best of your knowledge, in relation to any of the retail funds? A. I don't – I don't believe he does. Q. How about Mr. Post, do you know	2 3 4 5 6 7 8 9 10	MS. DANDENEAU: Objection to form. A. That would be Jason as well. Q. Okay. Now, looking at your response, you noted initially that nothing was owed under shared services. Do I have that right in substance? A. Yeah. I think I'm being responsive to Lauren's question here, whether any of the shared service invoices are outstanding. Q. Right. A. Yes. Q. And that is because – and that is	Page 185
2 3 4 5 6 7 8 9 10 11 12 13 14	WATERHOUSE - 10-19-21 Q. Does Mr. Norris play a role in formulating the advisors' responses to the questions asked by the retail board in connection with the 15(c) annual review? MS. DANDENEAU: Objection to form. A. He – Dustin Norris is there in the board meetings. But – so he has a role, yes. Q. Okay. And does Mr. Norris hold any positions, to the best of your knowledge, in relation to any of the retail funds? A. I don't – I don't believe he does. Q. How about Mr. Post, do you know whether Mr. Post holds any position in either	2 3 4 5 6 7 8 9 10 11 12	MS. DANDENEAU: Objection to form. A. That would be Jason as well. Q. Okay. Now, looking at your response, you noted initially that nothing was owed under shared services. Do I have that right in substance? A. Yeah. I think I'm being responsive to Lauren's question here, whether any of the shared service invoices are outstanding. Q. Right. A. Yes. Q. And that is because – and that is because the retail the retail board has asked	Page 185
2 3 4 5 6 7 8 9 10 11 12 13 14 15	WATERHOUSE - 10-19-21 Q. Does Mr. Norris play a role in formulating the advisors' responses to the questions asked by the retail board in connection with the 15(c) annual review? MS. DANDENEAU: Objection to form. A. He – Dustin Norris is there in the board meetings. But – so he has a role, yes. Q. Okay. And does Mr. Norris hold any positions, to the best of your knowledge, in relation to any of the retail funds? A. I don't – I don't believe he does. Q. How about Mr. Post, do you know whether Mr. Post holds any position in either of the advisors?	2 3 4 5 6 7 8 9 10 11 12 13	MS. DANDENEAU: Objection to form. A. That would be Jason as well. Q. Okay. Now, looking at your response, you noted initially that nothing was owed under shared services. Do I have that right in substance? A. Yeah. I think I'm being responsive to Lauren's question here, whether any of the shared service invoices are outstanding. Q. Right. A. Yes. Q. And that is because – and that is because the retail the retail board has asked for the disclosure of all material obligations	Page 185
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	WATERHOUSE - 10-19-21 Q. Does Mr. Norris play a role in formulating the advisors' responses to the questions asked by the retail board in connection with the 15(c) annual review? MS. DANDENEAU: Objection to form. A. He – Dustin Norris is there in the board meetings. But – so he has a role, yes. Q. Okay. And does Mr. Norris hold any positions, to the best of your knowledge, in relation to any of the retail funds? A. I don't – I don't believe he does. Q. How about Mr. Post, do you know whether Mr. Post holds any position in either of the advisors? A. I mean, he – he – yes.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	MS. DANDENEAU: Objection to form. A. That would be Jason as well. Q. Okay. Now, looking at your response, you noted initially that nothing was owed under shared services. Do I have that right in substance? A. Yeah. I think I'm being responsive to Lauren's question here, whether any of the shared service invoices are outstanding. Q. Right. A. Yes. Q. And that is because — and that is because the retail the retail board has asked for the disclosure of all material obligations that were owed to HCMLP either then or in the	Page 185
2 3 4 5 6 7 8 9 10 11 12 13 14 15	WATERHOUSE - 10-19-21 Q. Does Mr. Norris play a role in formulating the advisors' responses to the questions asked by the retail board in connection with the 15(c) annual review? MS. DANDENEAU: Objection to form. A. He – Dustin Norris is there in the board meetings. But – so he has a role, yes. Q. Okay. And does Mr. Norris hold any positions, to the best of your knowledge, in relation to any of the retail funds? A. I don't – I don't believe he does. Q. How about Mr. Post, do you know whether Mr. Post holds any position in either of the advisors? A. I mean, he – he – yes. Q. What is your understanding of the	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	MS. DANDENEAU: Objection to form. A. That would be Jason as well. Q. Okay. Now, looking at your response, you noted initially that nothing was owed under shared services. Do I have that right in substance? A. Yeah. I think I'm being responsive to Lauren's question here, whether any of the shared service invoices are outstanding. Q. Right. A. Yes. Q. And that is because – and that is because the retail the retail board has asked for the disclosure of all material obligations that were owed to HCMLP either then or in the future; isn't that right?	Page 185
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	WATERHOUSE - 10-19-21 Q. Does Mr. Norris play a role in formulating the advisors' responses to the questions asked by the retail board in connection with the 15(c) annual review? MS. DANDENEAU: Objection to form. A. He – Dustin Norris is there in the board meetings. But – so he has a role, yes. Q. Okay. And does Mr. Norris hold any positions, to the best of your knowledge, in relation to any of the retail funds? A. I don't – I don't believe he does. Q. How about Mr. Post, do you know whether Mr. Post holds any position in either of the advisors? A. I mean, he – he – yes. Q. What is your understanding of the positions that Mr. Post holds in relation to	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	MS. DANDENEAU: Objection to form. A. That would be Jason as well. Q. Okay. Now, looking at your response, you noted initially that nothing was owed under shared services. Do I have that right in substance? A. Yeah. I think I'm being responsive to Lauren's question here, whether any of the shared service invoices are outstanding. Q. Right. A. Yes. Q. And that is because – and that is because the retail the retail board has asked for the disclosure of all material obligations that were owed to HCMLP either then or in the future; isn't that right? MS. DANDENEAU: Objection to form.	Page 185
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	WATERHOUSE - 10-19-21 Q. Does Mr. Norris play a role in formulating the advisors' responses to the questions asked by the retail board in connection with the 15(c) annual review? MS. DANDENEAU: Objection to form. A. He – Dustin Norris is there in the board meetings. But – so he has a role, yes. Q. Okay. And does Mr. Norris hold any positions, to the best of your knowledge, in relation to any of the retail funds? A. I don't – I don't believe he does. Q. How about Mr. Post, do you know whether Mr. Post holds any position in either of the advisors? A. I mean, he – he – yes. Q. What is your understanding of the positions that Mr. Post holds in relation to the advisors?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	MS. DANDENEAU: Objection to form. A. That would be Jason as well. Q. Okay. Now, looking at your response, you noted initially that nothing was owed under shared services. Do I have that right in substance? A. Yeah. I think I'm being responsive to Lauren's question here, whether any of the shared service invoices are outstanding. Q. Right. A. Yes. Q. And that is because — and that is because the retail the retail board has asked for the disclosure of all material obligations that were owed to HCMLP either then or in the future; isn't that right? MS. DANDENEAU: Objection to form. Q. We can go back down and look.	Page 185
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	WATERHOUSE - 10-19-21 Q. Does Mr. Norris play a role in formulating the advisors' responses to the questions asked by the retail board in connection with the 15(c) annual review? MS. DANDENEAU: Objection to form. A. He – Dustin Norris is there in the board meetings. But – so he has a role, yes. Q. Okay. And does Mr. Norris hold any positions, to the best of your knowledge, in relation to any of the retail funds? A. I don't – I don't believe he does. Q. How about Mr. Post, do you know whether Mr. Post holds any position in either of the advisors? A. I mean, he – he – yes. Q. What is your understanding of the positions that Mr. Post holds in relation to the advisors? MS. DANDENEAU: Objection to form.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	MS. DANDENEAU: Objection to form. A. That would be Jason as well. Q. Okay. Now, looking at your response, you noted initially that nothing was owed under shared services. Do I have that right in substance? A. Yeah. I think I'm being responsive to Lauren's question here, whether any of the shared service invoices are outstanding. Q. Right. A. Yes. Q. And that is because – and that is because the retail the retail board has asked for the disclosure of all material obligations that were owed to HCMLP either then or in the future; isn't that right? MS. DANDENEAU: Objection to form. Q. We can go back down and look. A. Look, I don't know if that's a	Page 185
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	WATERHOUSE - 10-19-21 Q. Does Mr. Norris play a role in formulating the advisors' responses to the questions asked by the retail board in connection with the 15(c) annual review? MS. DANDENEAU: Objection to form. A. He – Dustin Norris is there in the board meetings. But – so he has a role, yes. Q. Okay. And does Mr. Norris hold any positions, to the best of your knowledge, in relation to any of the retail funds? A. I don't – I don't believe he does. Q. How about Mr. Post, do you know whether Mr. Post holds any position in either of the advisors? A. I mean, he – he – yes. Q. What is your understanding of the positions that Mr. Post holds in relation to the advisors? MS. DANDENEAU: Objection to form. A. He is an employee of NexPoint	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	MS. DANDENEAU: Objection to form. A. That would be Jason as well. Q. Okay. Now, looking at your response, you noted initially that nothing was owed under shared services. Do I have that right in substance? A. Yeah. I think I'm being responsive to Lauren's question here, whether any of the shared service invoices are outstanding. Q. Right. A. Yes. Q. And that is because — and that is because the retail the retail board has asked for the disclosure of all material obligations that were owed to HCMLP either then or in the future; isn't that right? MS. DANDENEAU: Objection to form. Q. We can go back down and look. A. Look, I don't know if that's a material item, I mean, again, but sure.	Page 185
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	WATERHOUSE - 10-19-21 Q. Does Mr. Norris play a role in formulating the advisors' responses to the questions asked by the retail board in connection with the 15(c) annual review? MS. DANDENEAU: Objection to form. A. He – Dustin Norris is there in the board meetings. But – so he has a role, yes. Q. Okay. And does Mr. Norris hold any positions, to the best of your knowledge, in relation to any of the retail funds? A. I don't – I don't believe he does. Q. How about Mr. Post, do you know whether Mr. Post holds any position in either of the advisors? A. I mean, he – he – yes. Q. What is your understanding of the positions that Mr. Post holds in relation to the advisors? MS. DANDENEAU: Objection to form. A. He is an employee of NexPoint	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	MS. DANDENEAU: Objection to form. A. That would be Jason as well. Q. Okay. Now, looking at your response, you noted initially that nothing was owed under shared services. Do I have that right in substance? A. Yeah. I think I'm being responsive to Lauren's question here, whether any of the shared service invoices are outstanding. Q. Right. A. Yes. Q. And that is because — and that is because the retail the retail board has asked for the disclosure of all material obligations that were owed to HCMLP either then or in the future; isn't that right? MS. DANDENEAU: Objection to form. Q. We can go back down and look. A. Look, I don't know if that's a material item, I mean, again, but sure. Q. Okay. But there were no shared	Page 185
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	WATERHOUSE - 10-19-21 Q. Does Mr. Norris play a role in formulating the advisors' responses to the questions asked by the retail board in connection with the 15(c) annual review? MS. DANDENEAU: Objection to form. A. He – Dustin Norris is there in the board meetings. But – so he has a role, yes. Q. Okay. And does Mr. Norris hold any positions, to the best of your knowledge, in relation to any of the retail funds? A. I don't – I don't believe he does. Q. How about Mr. Post, do you know whether Mr. Post holds any position in either of the advisors? A. I mean, he – he – yes. Q. What is your understanding of the positions that Mr. Post holds in relation to the advisors? MS. DANDENEAU: Objection to form. A. He is an employee of NexPoint Advisors. He is also the chief compliance officer for – for NexPoint.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	MS. DANDENEAU: Objection to form. A. That would be Jason as well. Q. Okay. Now, looking at your response, you noted initially that nothing was owed under shared services. Do I have that right in substance? A. Yeah. I think I'm being responsive to Lauren's question here, whether any of the shared service invoices are outstanding. Q. Right. A. Yes. Q. And that is because — and that is because the retail the retail board has asked for the disclosure of all material obligations that were owed to HCMLP either then or in the future; isn't that right? MS. DANDENEAU: Objection to form. Q. We can go back down and look. A. Look, I don't know if that's a material item, I mean, again, but sure. Q. Okay. But there were no shared services outstanding; correct?	Page 185
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	WATERHOUSE - 10-19-21 Q. Does Mr. Norris play a role in formulating the advisors' responses to the questions asked by the retail board in connection with the 15(c) annual review? MS. DANDENEAU: Objection to form. A. He – Dustin Norris is there in the board meetings. But – so he has a role, yes. Q. Okay. And does Mr. Norris hold any positions, to the best of your knowledge, in relation to any of the retail funds? A. I don't – I don't believe he does. Q. How about Mr. Post, do you know whether Mr. Post holds any position in either of the advisors? A. I mean, he – he – yes. Q. What is your understanding of the positions that Mr. Post holds in relation to the advisors? MS. DANDENEAU: Objection to form. A. He is an employee of NexPoint Advisors. He is also the chief compliance officer for – for NexPoint. Q. Who is the chief compliance officer	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	MS. DANDENEAU: Objection to form. A. That would be Jason as well. Q. Okay. Now, looking at your response, you noted initially that nothing was owed under shared services. Do I have that right in substance? A. Yeah. I think I'm being responsive to Lauren's question here, whether any of the shared service invoices are outstanding. Q. Right. A. Yes. Q. And that is because — and that is because the retail the retail board has asked for the disclosure of all material obligations that were owed to HCMLP either then or in the future; isn't that right? MS. DANDENEAU: Objection to form. Q. We can go back down and look. A. Look, I don't know if that's a material item, I mean, again, but sure. Q. Okay. But there were no shared services outstanding; correct? MS. DANDENEAU: Objection to form.	Page 185
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	WATERHOUSE - 10-19-21 Q. Does Mr. Norris play a role in formulating the advisors' responses to the questions asked by the retail board in connection with the 15(c) annual review? MS. DANDENEAU: Objection to form. A. He – Dustin Norris is there in the board meetings. But – so he has a role, yes. Q. Okay. And does Mr. Norris hold any positions, to the best of your knowledge, in relation to any of the retail funds? A. I don't – I don't believe he does. Q. How about Mr. Post, do you know whether Mr. Post holds any position in either of the advisors? A. I mean, he – he – yes. Q. What is your understanding of the positions that Mr. Post holds in relation to the advisors? MS. DANDENEAU: Objection to form. A. He is an employee of NexPoint Advisors. He is also the chief compliance officer for – for NexPoint.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	MS. DANDENEAU: Objection to form. A. That would be Jason as well. Q. Okay. Now, looking at your response, you noted initially that nothing was owed under shared services. Do I have that right in substance? A. Yeah. I think I'm being responsive to Lauren's question here, whether any of the shared service invoices are outstanding. Q. Right. A. Yes. Q. And that is because — and that is because the retail the retail board has asked for the disclosure of all material obligations that were owed to HCMLP either then or in the future; isn't that right? MS. DANDENEAU: Objection to form. Q. We can go back down and look. A. Look, I don't know if that's a material item, I mean, again, but sure. Q. Okay. But there were no shared services outstanding; correct?	Page 185

_				
1	Page 186 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 187
2	indicate.	2	financials about Highland's agreement not to	
3	Q. And you wouldn't have written it if	3	make demand upon HCMFA until May 2021; correct?	
4	you didn't believe it to be true at the time;	4	A. Correct.	
5	correct?	5	Q. And then – and then the next thing	
6	A. Correct.	6	you write is that the attorneys think that BK	
7	Q. And when you referred to shared	7	doesn't change that, but don't know for sure at	
8	services outstanding, what you meant there was	8	the end of the day.	
9	that neither NexPoint nor HCMFA owed Highland	9	Do you see that sentence?	
10	any money under the shared services agreements	10	A. Yes.	
11	that they had with Highland as of October 6th,	11	Q. Which attorneys were you referring	
12	2020; right?	12	to?	
13	A. I don't know if it is as of October	13	A. I don't remember.	
14	6, 2020 or if it was from – like through the	14	Q. Did you have a conversation with	
15	financials – through the date of the	15	attorneys concerning whether the bankruptcy	
16	financials as of June 30.	16	would change or alter in any way the agreement	
17	Q. Okay. And then you noted that	17	not to make a demand under the HCMFA note?	
18	HCMA – the HCMFA note is a demand note; right?	18	A. Look, yeah, I mean, I don't	
19	A. Yes.	19	specifically remember, but generally, I mean,	
20	Q. And then you referred Ms. Thedford	20	it is in this email. I don't – I don't – I	
21	to Kristin Hendrix for the term of the NexPoint	21	don't – I don't remember who I talked to or,	
22	note. Do I have that right?	22	you know, was it inside counsel, outside	
23	A. Yes.	23	counsel, but obviously I talked to somebody.	
24	Q. And then you refer to that agreement	24	Q. Do you have any recollection –	
25	that is referenced in the 2018 audited	25	A. Well, I don't even know if it's –	
	a lat lo foloro loga in a lo 20 fo additiod		7. Won, radit overtalew into	
		_		
1	Page 188 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 189
1 2	WATERHOUSE - 10-19-21	1 2	WATERHOUSE - 10-19-21 process didn't change the agreement?	Page 189
1 2 3	WATERHOUSE - 10-19-21 actually, it may not even have been me. I say	2	process didn't change the agreement?	Page 189
2 3	WATERHOUSE - 10-19-21 actually, it may not even have been me. I say the attorneys in, you know, a lot of – like I	2	process didn't change the agreement? A. I don't recall.	Page 189
2 3 4	WATERHOUSE - 10-19-21 actually, it may not even have been me. I say the attorneys in, you know, a lot of – like I talked about the team.	2 3 4	process didn't change the agreement? A. I don't recall. Q. Okay. Perfect.	Page 189
2 3 4 5	WATERHOUSE - 10-19-21 actually, it may not even have been me. I say the attorneys in, you know, a lot of – like I talked about the team. It could have been someone on the	2 3 4 5	process didn't change the agreement? A. I don't recall. Q. Okay. Perfect. And then let's look at the last	Page 189
2 3 4	WATERHOUSE - 10-19-21 actually, it may not even have been me. I say the attorneys in, you know, a lot of – like I talked about the team. It could have been someone on the team, like, hey, we need to run this down, and	2 3 4 5 6	process didn't change the agreement? A. I don't recall. Q. Okay. Perfect. And then let's look at the last sentence. It says, quote: The response should	Page 189
2 3 4 5 6 7	WATERHOUSE - 10-19-21 actually, it may not even have been me. I say the attorneys in, you know, a lot of – like I talked about the team. It could have been someone on the team, like, hey, we need to run this down, and maybe they talked to attorneys again and	2 3 4 5 6 7	process didn't change the agreement? A. I don't recall. Q. Okay. Perfect. And then let's look at the last sentence. It says, quote: The response should include, as I covered in the board meeting,	Page 189
2 3 4 5 6 7 8	WATERHOUSE - 10-19-21 actually, it may not even have been me. I say the attorneys in, you know, a lot of – like I talked about the team. It could have been someone on the team, like, hey, we need to run this down, and maybe they talked to attorneys again and relayed that information to me.	2 3 4 5 6 7 8	process didn't change the agreement? A. I don't recall. Q. Okay. Perfect. And then let's look at the last sentence. It says, quote: The response should include, as I covered in the board meeting, that both entities have the full faith and	Page 189
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 actually, it may not even have been me. I say the attorneys in, you know, a lot of – like I talked about the team. It could have been someone on the team, like, hey, we need to run this down, and maybe they talked to attorneys again and relayed that information to me. So I really don't know if I spoke or	2 3 4 5 6 7 8 9	process didn't change the agreement? A. I don't recall. Q. Okay. Perfect. And then let's look at the last sentence. It says, quote: The response should include, as I covered in the board meeting, that both entities have the full faith and backing from Jim Dondero, and to my knowledge	Page 189
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 actually, it may not even have been me. I say the attorneys in, you know, a lot of – like I talked about the team. It could have been someone on the team, like, hey, we need to run this down, and maybe they talked to attorneys again and relayed that information to me. So I really don't know if I spoke or someone else did or – or, I mean, and maybe it	2 3 4 5 6 7 8 9 10	process didn't change the agreement? A. I don't recall. Q. Okay. Perfect. And then let's look at the last sentence. It says, quote: The response should include, as I covered in the board meeting, that both entities have the full faith and backing from Jim Dondero, and to my knowledge that hasn't changed.	Page 189
2 3 4 5 6 7 8 9 10	WATERHOUSE - 10-19-21 actually, it may not even have been me. I say the attorneys in, you know, a lot of – like I talked about the team. It could have been someone on the team, like, hey, we need to run this down, and maybe they talked to attorneys again and relayed that information to me. So I really don't know if I spoke or someone else did or – or, I mean, and maybe it wasn't even from corporate accounting. Maybe	2 3 4 5 6 7 8 9 10	process didn't change the agreement? A. I don't recall. Q. Okay. Perfect. And then let's look at the last sentence. It says, quote: The response should include, as I covered in the board meeting, that both entities have the full faith and backing from Jim Dondero, and to my knowledge that hasn't changed. Do you see that?	Page 189
2 3 4 5 6 7 8 9 10 11 12	WATERHOUSE - 10-19-21 actually, it may not even have been me. I say the attorneys in, you know, a lot of – like I talked about the team. It could have been someone on the team, like, hey, we need to run this down, and maybe they talked to attorneys again and relayed that information to me. So I really don't know if I spoke or someone else did or – or, I mean, and maybe it wasn't even from corporate accounting. Maybe it was, you know, other – I'm kind of	2 3 4 5 6 7 8 9 10 11 12	process didn't change the agreement? A. I don't recall. Q. Okay. Perfect. And then let's look at the last sentence. It says, quote: The response should include, as I covered in the board meeting, that both entities have the full faith and backing from Jim Dondero, and to my knowledge that hasn't changed. Do you see that? A. Yes.	Page 189
2 3 4 5 6 7 8 9 10 11 12 13	WATERHOUSE - 10-19-21 actually, it may not even have been me. I say the attorneys in, you know, a lot of – like I talked about the team. It could have been someone on the team, like, hey, we need to run this down, and maybe they talked to attorneys again and relayed that information to me. So I really don't know if I spoke or someone else did or – or, I mean, and maybe it wasn't even from corporate accounting. Maybe it was, you know, other – I'm kind of summarizing, you know, again, so I don't really	2 3 4 5 6 7 8 9 10 11 12 13	process didn't change the agreement? A. I don't recall. Q. Okay. Perfect. And then let's look at the last sentence. It says, quote: The response should include, as I covered in the board meeting, that both entities have the full faith and backing from Jim Dondero, and to my knowledge that hasn't changed. Do you see that? A. Yes. Q. Okay. Prior to October 6th, 2020,	Page 189
2 3 4 5 6 7 8 9 10 11 12 13	WATERHOUSE - 10-19-21 actually, it may not even have been me. I say the attorneys in, you know, a lot of – like I talked about the team. It could have been someone on the team, like, hey, we need to run this down, and maybe they talked to attorneys again and relayed that information to me. So I really don't know if I spoke or someone else did or – or, I mean, and maybe it wasn't even from corporate accounting. Maybe it was, you know, other – I'm kind of summarizing, you know, again, so I don't really know – I can't really say for sure. I don't	2 3 4 5 6 7 8 9 10 11 12 13 14	process didn't change the agreement? A. I don't recall. Q. Okay. Perfect. And then let's look at the last sentence. It says, quote: The response should include, as I covered in the board meeting, that both entities have the full faith and backing from Jim Dondero, and to my knowledge that hasn't changed. Do you see that? A. Yes. Q. Okay. Prior to October 6th, 2020, had you told the retail board that HCMFA and	Page 189
2 3 4 5 6 7 8 9 10 11 12 13 14 15	WATERHOUSE - 10-19-21 actually, it may not even have been me. I say the attorneys in, you know, a lot of – like I talked about the team. It could have been someone on the team, like, hey, we need to run this down, and maybe they talked to attorneys again and relayed that information to me. So I really don't know if I spoke or someone else did or – or, I mean, and maybe it wasn't even from corporate accounting. Maybe it was, you know, other – I'm kind of summarizing, you know, again, so I don't really know – I can't really say for sure. I don't remember how I came about of this knowledge.	2 3 4 5 6 7 8 9 10 11 12 13 14 15	process didn't change the agreement? A. I don't recall. Q. Okay. Perfect. And then let's look at the last sentence. It says, quote: The response should include, as I covered in the board meeting, that both entities have the full faith and backing from Jim Dondero, and to my knowledge that hasn't changed. Do you see that? A. Yes. Q. Okay. Prior to October 6th, 2020, had you told the retail board that HCMFA and NexPoint have the full faith and backing from	Page 189
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	WATERHOUSE - 10-19-21 actually, it may not even have been me. I say the attorneys in, you know, a lot of – like I talked about the team. It could have been someone on the team, like, hey, we need to run this down, and maybe they talked to attorneys again and relayed that information to me. So I really don't know if I spoke or someone else did or – or, I mean, and maybe it wasn't even from corporate accounting. Maybe it was, you know, other – I'm kind of summarizing, you know, again, so I don't really know – I can't really say for sure. I don't remember how I came about of this knowledge. Q. I appreciate your efforts,	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	process didn't change the agreement? A. I don't recall. Q. Okay. Perfect. And then let's look at the last sentence. It says, quote: The response should include, as I covered in the board meeting, that both entities have the full faith and backing from Jim Dondero, and to my knowledge that hasn't changed. Do you see that? A. Yes. Q. Okay. Prior to October 6th, 2020, had you told the retail board that HCMFA and NexPoint have the full faith and backing from Jim Dondero?	Page 189
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	WATERHOUSE - 10-19-21 actually, it may not even have been me. I say the attorneys in, you know, a lot of – like I talked about the team. It could have been someone on the team, like, hey, we need to run this down, and maybe they talked to attorneys again and relayed that information to me. So I really don't know if I spoke or someone else did or – or, I mean, and maybe it wasn't even from corporate accounting. Maybe it was, you know, other – I'm kind of summarizing, you know, again, so I don't really know – I can't really say for sure. I don't remember how I came about of this knowledge. Q. I appreciate your efforts, Mr. Waterhouse, but I will just tell you that	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	process didn't change the agreement? A. I don't recall. Q. Okay. Perfect. And then let's look at the last sentence. It says, quote: The response should include, as I covered in the board meeting, that both entities have the full faith and backing from Jim Dondero, and to my knowledge that hasn't changed. Do you see that? A. Yes. Q. Okay. Prior to October 6th, 2020, had you told the retail board that HCMFA and NexPoint have the full faith and backing from Jim Dondero? A. Yes.	Page 189
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	WATERHOUSE - 10-19-21 actually, it may not even have been me. I say the attorneys in, you know, a lot of – like I talked about the team. It could have been someone on the team, like, hey, we need to run this down, and maybe they talked to attorneys again and relayed that information to me. So I really don't know if I spoke or someone else did or – or, I mean, and maybe it wasn't even from corporate accounting. Maybe it was, you know, other – I'm kind of summarizing, you know, again, so I don't really know – I can't really say for sure. I don't remember how I came about of this knowledge. Q. I appreciate your efforts, Mr. Waterhouse, but I will just tell you that if I ask a question and you don't know the	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	process didn't change the agreement? A. I don't recall. Q. Okay. Perfect. And then let's look at the last sentence. It says, quote: The response should include, as I covered in the board meeting, that both entities have the full faith and backing from Jim Dondero, and to my knowledge that hasn't changed. Do you see that? A. Yes. Q. Okay. Prior to October 6th, 2020, had you told the retail board that HCMFA and NexPoint have the full faith and backing from Jim Dondero? A. Yes. Q. Do you remember in the context in	Page 189
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	WATERHOUSE - 10-19-21 actually, it may not even have been me. I say the attorneys in, you know, a lot of – like I talked about the team. It could have been someone on the team, like, hey, we need to run this down, and maybe they talked to attorneys again and relayed that information to me. So I really don't know if I spoke or someone else did or – or, I mean, and maybe it wasn't even from corporate accounting. Maybe it was, you know, other – I'm kind of summarizing, you know, again, so I don't really know – I can't really say for sure. I don't remember how I came about of this knowledge. Q. I appreciate your efforts, Mr. Waterhouse, but I will just tell you that if I ask a question and you don't know the answer or you don't recall, I'm happy to accept	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	process didn't change the agreement? A. I don't recall. Q. Okay. Perfect. And then let's look at the last sentence. It says, quote: The response should include, as I covered in the board meeting, that both entities have the full faith and backing from Jim Dondero, and to my knowledge that hasn't changed. Do you see that? A. Yes. Q. Okay. Prior to October 6th, 2020, had you told the retail board that HCMFA and NexPoint have the full faith and backing from Jim Dondero? A. Yes. Q. Do you remember in the context in which you told the retail board that?	Page 189
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	WATERHOUSE - 10-19-21 actually, it may not even have been me. I say the attorneys in, you know, a lot of – like I talked about the team. It could have been someone on the team, like, hey, we need to run this down, and maybe they talked to attorneys again and relayed that information to me. So I really don't know if I spoke or someone else did or – or, I mean, and maybe it wasn't even from corporate accounting. Maybe it was, you know, other – I'm kind of summarizing, you know, again, so I don't really know – I can't really say for sure. I don't remember how I came about of this knowledge. Q. I appreciate your efforts, Mr. Waterhouse, but I will just tell you that if I ask a question and you don't know the answer or you don't recall, I'm happy to accept that. I don't – I don't want you to	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	process didn't change the agreement? A. I don't recall. Q. Okay. Perfect. And then let's look at the last sentence. It says, quote: The response should include, as I covered in the board meeting, that both entities have the full faith and backing from Jim Dondero, and to my knowledge that hasn't changed. Do you see that? A. Yes. Q. Okay. Prior to October 6th, 2020, had you told the retail board that HCMFA and NexPoint have the full faith and backing from Jim Dondero? A. Yes. Q. Do you remember in the context in which you told the retail board that? A. I mean, generally, yes.	Page 189
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	WATERHOUSE - 10-19-21 actually, it may not even have been me. I say the attorneys in, you know, a lot of – like I talked about the team. It could have been someone on the team, like, hey, we need to run this down, and maybe they talked to attorneys again and relayed that information to me. So I really don't know if I spoke or someone else did or – or, I mean, and maybe it wasn't even from corporate accounting. Maybe it was, you know, other – I'm kind of summarizing, you know, again, so I don't really know – I can't really say for sure. I don't remember how I came about of this knowledge. Q. I appreciate your efforts, Mr. Waterhouse, but I will just tell you that if I ask a question and you don't know the answer or you don't recall, I'm happy to accept that. I don't – I don't want you to speculate, so I want to be clear about that.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	process didn't change the agreement? A. I don't recall. Q. Okay. Perfect. And then let's look at the last sentence. It says, quote: The response should include, as I covered in the board meeting, that both entities have the full faith and backing from Jim Dondero, and to my knowledge that hasn't changed. Do you see that? A. Yes. Q. Okay. Prior to October 6th, 2020, had you told the retail board that HCMFA and NexPoint have the full faith and backing from Jim Dondero? A. Yes. Q. Do you remember in the context in which you told the retail board that? A. I mean, generally, yes. Q. Tell me what you recall.	Page 189
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	WATERHOUSE - 10-19-21 actually, it may not even have been me. I say the attorneys in, you know, a lot of – like I talked about the team. It could have been someone on the team, like, hey, we need to run this down, and maybe they talked to attorneys again and relayed that information to me. So I really don't know if I spoke or someone else did or – or, I mean, and maybe it wasn't even from corporate accounting. Maybe it was, you know, other – I'm kind of summarizing, you know, again, so I don't really know – I can't really say for sure. I don't remember how I came about of this knowledge. Q. I appreciate your efforts, Mr. Waterhouse, but I will just tell you that if I ask a question and you don't know the answer or you don't recall, I'm happy to accept that. I don't – I don't want you to speculate, so I want to be clear about that. So I appreciate it.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	process didn't change the agreement? A. I don't recall. Q. Okay. Perfect. And then let's look at the last sentence. It says, quote: The response should include, as I covered in the board meeting, that both entities have the full faith and backing from Jim Dondero, and to my knowledge that hasn't changed. Do you see that? A. Yes. Q. Okay. Prior to October 6th, 2020, had you told the retail board that HCMFA and NexPoint have the full faith and backing from Jim Dondero? A. Yes. Q. Do you remember in the context in which you told the retail board that? A. I mean, generally, yes. Q. Tell me what you recall. A. So we were walking through the	Page 189
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	waterhouse - 10-19-21 actually, it may not even have been me. I say the attorneys in, you know, a lot of – like I talked about the team. It could have been someone on the team, like, hey, we need to run this down, and maybe they talked to attorneys again and relayed that information to me. So I really don't know if I spoke or someone else did or – or, I mean, and maybe it wasn't even from corporate accounting. Maybe it was, you know, other – I'm kind of summarizing, you know, again, so I don't really know – I can't really say for sure. I don't remember how I came about of this knowledge. Q. I appreciate your efforts, Mr. Waterhouse, but I will just tell you that if I ask a question and you don't know the answer or you don't recall, I'm happy to accept that. I don't – I don't want you to speculate, so I want to be clear about that. So I appreciate it. Let me just ask you simply: Do you	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	process didn't change the agreement? A. I don't recall. Q. Okay. Perfect. And then let's look at the last sentence. It says, quote: The response should include, as I covered in the board meeting, that both entities have the full faith and backing from Jim Dondero, and to my knowledge that hasn't changed. Do you see that? A. Yes. Q. Okay. Prior to October 6th, 2020, had you told the retail board that HCMFA and NexPoint have the full faith and backing from Jim Dondero? A. Yes. Q. Do you remember in the context in which you told the retail board that? A. I mean, generally, yes. Q. Tell me what you recall. A. So we were walking through the financials from the advisors; right? So as I	Page 189
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	WATERHOUSE - 10-19-21 actually, it may not even have been me. I say the attorneys in, you know, a lot of – like I talked about the team. It could have been someone on the team, like, hey, we need to run this down, and maybe they talked to attorneys again and relayed that information to me. So I really don't know if I spoke or someone else did or – or, I mean, and maybe it wasn't even from corporate accounting. Maybe it was, you know, other – I'm kind of summarizing, you know, again, so I don't really know – I can't really say for sure. I don't remember how I came about of this knowledge. Q. I appreciate your efforts, Mr. Waterhouse, but I will just tell you that if I ask a question and you don't know the answer or you don't recall, I'm happy to accept that. I don't – I don't want you to speculate, so I want to be clear about that. So I appreciate it.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	process didn't change the agreement? A. I don't recall. Q. Okay. Perfect. And then let's look at the last sentence. It says, quote: The response should include, as I covered in the board meeting, that both entities have the full faith and backing from Jim Dondero, and to my knowledge that hasn't changed. Do you see that? A. Yes. Q. Okay. Prior to October 6th, 2020, had you told the retail board that HCMFA and NexPoint have the full faith and backing from Jim Dondero? A. Yes. Q. Do you remember in the context in which you told the retail board that? A. I mean, generally, yes. Q. Tell me what you recall. A. So we were walking through the	Page 189

1	Page 190			Page 191
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	r ago ror
2	they have liabilities on them that exceed	2	retail board that the advisors had the full	
3	assets.	3	faith and backing of Mr Mr. Dondero?	
4	So the retail board has asked, okay,	4	MS. DEITSCH-PEREZ: Object to the	
5	you know, how – you know, if – if these	5	form.	
6	liabilities come due or they're payable, you	6	A. I don't recall discussing that with	
7	know, how does that come about?	7	him at the time.	
8	And, you know, the response is,	8	Q. When you told this to the board, was	
9	well, the advisors have the the full faith	9	Mr. Dondero participating in the discussion?	
10	and backing from – from Jim Dondero.	10	A. Not that I recall.	
11	Q. And how did you know that the	11	Q. Withdrawn. Was it not - withdrawn.	
12	advisors had the full faith and backing from	12	Do you recall whether when you	
13	Jim Dondero? What was the basis for that	13	covered this issue with the board, was that in	
14	statement that you made to the retail board?	14	a – a Zoom call or a Webex call? Was it a	
15	A. I talked to Jim about it at some	15	telephone call? Was it in-person? Like where	
16	point in the past.	16	were you physically in relation to the board?	
17	Q. And did you tell Mr. Dondero that	17	A. I believe I was at home.	
18	you were going to inform the retail board that	18	Q. Okay. Can you identify every person	
19	the advisors had his full faith and backing	19	that you recall who was present for this	
20	before you actually told that to the retail	20	disclosure other than - other than the board	
21	board?	21	members themselves?	
22	A. I don't recall having that	22	MS. DEITSCH-PEREZ: Object to the	
23	conversation.	23	form.	
24	Q. Do you recall if you ever informed	24	A. I don't recall everyone on the call.	
25	Mr. Dondero that you had disclosed or told the	25	Q. Can you identify anybody who was on	
-	Page 192			
1	1 490 102			Page 193
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 193
1 2	WATERHOUSE - 10-19-21 the call?	1 2	WATERHOUSE - 10-19-21 Q. Okay. Do you know if either of them	Page 193
ı				Page 193
2	the call?	2	Q. Okay. Do you know if either of them	Page 193
2 3	the call? A. Other than the board members?	2	Q. Okay. Do you know if either of them have a position with the retail board – with	Page 193
2 3 4	the call? A. Other than the board members? Q. Yes.	2 3 4	Q. Okay. Do you know if either of them have a position with the retail board – with the retail funds?	Page 193
2 3 4 5	the call? A. Other than the board members? Q. Yes. A. Lauren Thedford. I mean, there	2 3 4 5	Q. Okay. Do you know if either of them have a position with the retail board – with the retail funds? A. I don't believe Mr. Norris has a	Page 193
2 3 4 5	the call? A. Other than the board members? Q. Yes. A. Lauren Thedford. I mean, there are – there are many – my section is just one	2 3 4 5 6	Q. Okay. Do you know if either of them have a position with the retail board – with the retail funds? A. I don't believe Mr. Norris has a position with the retail funds.	Page 193
2 3 4 5 6 7	the call? A. Other than the board members? Q. Yes. A. Lauren Thedford. I mean, there are – there are many – my section is just one of many sections that are just – you know, as	2 3 4 5 6 7	Q. Okay. Do you know if either of them have a position with the retail board – with the retail funds? A. I don't believe Mr. Norris has a position with the retail funds. Q. All right. What about Mr. Post?	Page 193
2 3 4 5 6 7 8	the call? A. Other than the board members? Q. Yes. A. Lauren Thedford. I mean, there are – there are many – my section is just one of many sections that are just – you know, as you can appreciate, this is a long board	2 3 4 5 6 7 8	 Q. Okay. Do you know if either of them have a position with the retail board – with the retail funds? A. I don't believe Mr. Norris has a position with the retail funds. Q. All right. What about Mr. Post? A. Mr. Post is the CCO of the advisors. 	Page 193
2 3 4 5 6 7 8 9	the call? A. Other than the board members? Q. Yes. A. Lauren Thedford. I mean, there are – there are many – my section is just one of many sections that are just – you know, as you can appreciate, this is a long board meeting.	2 3 4 5 6 7 8 9	Q. Okay. Do you know if either of them have a position with the retail board – with the retail funds? A. I don't believe Mr. Norris has a position with the retail funds. Q. All right. What about Mr. Post? A. Mr. Post is the CCO of the advisors. Q. Okay. Does he hold any position –	Page 193
2 3 4 5 6 7 8 9	the call? A. Other than the board members? Q. Yes. A. Lauren Thedford. I mean, there are – there are many – my section is just one of many sections that are just – you know, as you can appreciate, this is a long board meeting. I can't recall specifically, really	2 3 4 5 6 7 8 9 10	Q. Okay. Do you know if either of them have a position with the retail board – with the retail funds? A. I don't believe Mr. Norris has a position with the retail funds. Q. All right. What about Mr. Post? A. Mr. Post is the CCO of the advisors. Q. Okay. Does he hold any position – A. I don't believe so.	Page 193
2 3 4 5 6 7 8 9 10 11	the call? A. Other than the board members? Q. Yes. A. Lauren Thedford. I mean, there are – there are many – my section is just one of many sections that are just – you know, as you can appreciate, this is a long board meeting. I can't recall specifically, really even generally, or who was on when this was	2 3 4 5 6 7 8 9 10	Q. Okay. Do you know if either of them have a position with the retail board – with the retail funds? A. I don't believe Mr. Norris has a position with the retail funds. Q. All right. What about Mr. Post? A. Mr. Post is the CCO of the advisors. Q. Okay. Does he hold any position – A. I don't believe so. Q. – with the retail funds?	Page 193
2 3 4 5 6 7 8 9 10 11 12	the call? A. Other than the board members? Q. Yes. A. Lauren Thedford. I mean, there are – there are many – my section is just one of many sections that are just – you know, as you can appreciate, this is a long board meeting. I can't recall specifically, really even generally, or who was on when this was discussed. But Lauren was typically on for the	2 3 4 5 6 7 8 9 10 11 12	Q. Okay. Do you know if either of them have a position with the retail board – with the retail funds? A. I don't believe Mr. Norris has a position with the retail funds. Q. All right. What about Mr. Post? A. Mr. Post is the CCO of the advisors. Q. Okay. Does he hold any position – A. I don't believe so. Q. – with the retail funds? A. I don't believe so.	Page 193
2 3 4 5 6 7 8 9 10 11 12 13	the call? A. Other than the board members? Q. Yes. A. Lauren Thedford. I mean, there are – there are many – my section is just one of many sections that are just – you know, as you can appreciate, this is a long board meeting. I can't recall specifically, really even generally, or who was on when this was discussed. But Lauren was typically on for the entire time.	2 3 4 5 6 7 8 9 10 11 12 13	Q. Okay. Do you know if either of them have a position with the retail board – with the retail funds? A. I don't believe Mr. Norris has a position with the retail funds. Q. All right. What about Mr. Post? A. Mr. Post is the CCO of the advisors. Q. Okay. Does he hold any position – A. I don't believe so. Q. – with the retail funds? A. I don't believe so. Q. Okay.	Page 193
2 3 4 5 6 7 8 9 10 11 12 13 14	the call? A. Other than the board members? Q. Yes. A. Lauren Thedford. I mean, there are – there are many – my section is just one of many sections that are just – you know, as you can appreciate, this is a long board meeting. I can't recall specifically, really even generally, or who was on when this was discussed. But Lauren was typically on for the entire time. Q. I apologize if I asked you this, but	2 3 4 5 6 7 8 9 10 11 12 13 14	Q. Okay. Do you know if either of them have a position with the retail board – with the retail funds? A. I don't believe Mr. Norris has a position with the retail funds. Q. All right. What about Mr. Post? A. Mr. Post is the CCO of the advisors. Q. Okay. Does he hold any position – A. I don't believe so. Q. – with the retail funds? A. I don't believe so. Q. Okay. A. I don't know if being the CCO for	Page 193
2 3 4 5 6 7 8 9 10 11 12 13 14 15	the call? A. Other than the board members? Q. Yes. A. Lauren Thedford. I mean, there are – there are many – my section is just one of many sections that are just – you know, as you can appreciate, this is a long board meeting. I can't recall specifically, really even generally, or who was on when this was discussed. But Lauren was typically on for the entire time. Q. I apologize if I asked you this, but do either of Mr. Norris or Mr. Post hold any	2 3 4 5 6 7 8 9 10 11 12 13 14 15	Q. Okay. Do you know if either of them have a position with the retail board – with the retail funds? A. I don't believe Mr. Norris has a position with the retail funds. Q. All right. What about Mr. Post? A. Mr. Post is the CCO of the advisors. Q. Okay. Does he hold any position – A. I don't believe so. Q. – with the retail funds? A. I don't believe so. Q. Okay. A. I don't know if being the CCO for the advisor conveys something for the retail	Page 193
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	the call? A. Other than the board members? Q. Yes. A. Lauren Thedford. I mean, there are – there are many – my section is just one of many sections that are just – you know, as you can appreciate, this is a long board meeting. I can't recall specifically, really even generally, or who was on when this was discussed. But Lauren was typically on for the entire time. Q. I apologize if I asked you this, but do either of Mr. Norris or Mr. Post hold any positions relative to the retail funds?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	Q. Okay. Do you know if either of them have a position with the retail board – with the retail funds? A. I don't believe Mr. Norris has a position with the retail funds. Q. All right. What about Mr. Post? A. Mr. Post is the CCO of the advisors. Q. Okay. Does he hold any position – A. I don't believe so. Q. – with the retail funds? A. I don't believe so. Q. Okay. A. I don't know if being the CCO for the advisor conveys something for the retail funds. Again, I am not – that is the legal	Page 193
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	the call? A. Other than the board members? Q. Yes. A. Lauren Thedford. I mean, there are – there are many – my section is just one of many sections that are just – you know, as you can appreciate, this is a long board meeting. I can't recall specifically, really even generally, or who was on when this was discussed. But Lauren was typically on for the entire time. Q. I apologize if I asked you this, but do either of Mr. Norris or Mr. Post hold any positions relative to the retail funds? A. I think you asked me this already,	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Q. Okay. Do you know if either of them have a position with the retail board – with the retail funds? A. I don't believe Mr. Norris has a position with the retail funds. Q. All right. What about Mr. Post? A. Mr. Post is the CCO of the advisors. Q. Okay. Does he hold any position – A. I don't believe so. Q. – with the retail funds? A. I don't believe so. Q. Okay. A. I don't know if being the CCO for the advisor conveys something for the retail funds. Again, I am not – that is the legal compliance part of it. I don't know.	Page 193
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	the call? A. Other than the board members? Q. Yes. A. Lauren Thedford. I mean, there are – there are many – my section is just one of many sections that are just – you know, as you can appreciate, this is a long board meeting. I can't recall specifically, really even generally, or who was on when this was discussed. But Lauren was typically on for the entire time. Q. I apologize if I asked you this, but do either of Mr. Norris or Mr. Post hold any positions relative to the retail funds? A. I think you asked me this already, John.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. Okay. Do you know if either of them have a position with the retail board – with the retail funds? A. I don't believe Mr. Norris has a position with the retail funds. Q. All right. What about Mr. Post? A. Mr. Post is the CCO of the advisors. Q. Okay. Does he hold any position – A. I don't believe so. Q. – with the retail funds? A. I don't believe so. Q. Okay. A. I don't know if being the CCO for the advisor conveys something for the retail funds. Again, I am not – that is the legal compliance part of it. I don't know. Q. Why did you tell the retail board	Page 193
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	the call? A. Other than the board members? Q. Yes. A. Lauren Thedford. I mean, there are – there are many – my section is just one of many sections that are just – you know, as you can appreciate, this is a long board meeting. I can't recall specifically, really even generally, or who was on when this was discussed. But Lauren was typically on for the entire time. Q. I apologize if I asked you this, but do either of Mr. Norris or Mr. Post hold any positions relative to the retail funds? A. I think you asked me this already, John. Q. Okay. I just don't recall. Can you	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	Q. Okay. Do you know if either of them have a position with the retail board – with the retail funds? A. I don't believe Mr. Norris has a position with the retail funds. Q. All right. What about Mr. Post? A. Mr. Post is the CCO of the advisors. Q. Okay. Does he hold any position – A. I don't believe so. Q. – with the retail funds? A. I don't believe so. Q. Okay. A. I don't know if being the CCO for the advisor conveys something for the retail funds. Again, I am not – that is the legal compliance part of it. I don't know. Q. Why did you tell the retail board that the advisors have the full faith and	Page 193
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	the call? A. Other than the board members? Q. Yes. A. Lauren Thedford. I mean, there are – there are many – my section is just one of many sections that are just – you know, as you can appreciate, this is a long board meeting. I can't recall specifically, really even generally, or who was on when this was discussed. But Lauren was typically on for the entire time. Q. I apologize if I asked you this, but do either of Mr. Norris or Mr. Post hold any positions relative to the retail funds? A. I think you asked me this already, John. Q. Okay. I just don't recall. Can you just refresh my recollection if I did, in fact, ask you the question?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. Okay. Do you know if either of them have a position with the retail board – with the retail funds? A. I don't believe Mr. Norris has a position with the retail funds. Q. All right. What about Mr. Post? A. Mr. Post is the CCO of the advisors. Q. Okay. Does he hold any position – A. I don't believe so. Q. – with the retail funds? A. I don't believe so. Q. Okay. A. I don't know if being the CCO for the advisor conveys something for the retail funds. Again, I am not – that is the legal compliance part of it. I don't know. Q. Why did you tell the retail board that the advisors have the full faith and backing from Mr. Dondero?	Page 193
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	the call? A. Other than the board members? Q. Yes. A. Lauren Thedford. I mean, there are – there are many – my section is just one of many sections that are just – you know, as you can appreciate, this is a long board meeting. I can't recall specifically, really even generally, or who was on when this was discussed. But Lauren was typically on for the entire time. Q. I apologize if I asked you this, but do either of Mr. Norris or Mr. Post hold any positions relative to the retail funds? A. I think you asked me this already, John. Q. Okay. I just don't recall. Can you just refresh my recollection if I did, in fact,	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Q. Okay. Do you know if either of them have a position with the retail board – with the retail funds? A. I don't believe Mr. Norris has a position with the retail funds. Q. All right. What about Mr. Post? A. Mr. Post is the CCO of the advisors. Q. Okay. Does he hold any position – A. I don't believe so. Q. – with the retail funds? A. I don't believe so. Q. Okay. A. I don't know if being the CCO for the advisor conveys something for the retail funds. Again, I am not – that is the legal compliance part of it. I don't know. Q. Why did you tell the retail board that the advisors have the full faith and backing from Mr. Dondero? MS. DANDENEAU: Objection to form. A. It is – it is – it is what has	Page 193
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	the call? A. Other than the board members? Q. Yes. A. Lauren Thedford. I mean, there are – there are many – my section is just one of many sections that are just – you know, as you can appreciate, this is a long board meeting. I can't recall specifically, really even generally, or who was on when this was discussed. But Lauren was typically on for the entire time. Q. I apologize if I asked you this, but do either of Mr. Norris or Mr. Post hold any positions relative to the retail funds? A. I think you asked me this already, John. Q. Okay. I just don't recall. Can you just refresh my recollection if I did, in fact, ask you the question? A. I don't believe – if we can go	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. Okay. Do you know if either of them have a position with the retail board – with the retail funds? A. I don't believe Mr. Norris has a position with the retail funds. Q. All right. What about Mr. Post? A. Mr. Post is the CCO of the advisors. Q. Okay. Does he hold any position – A. I don't believe so. Q. – with the retail funds? A. I don't believe so. Q. Okay. A. I don't know if being the CCO for the advisor conveys something for the retail funds. Again, I am not – that is the legal compliance part of it. I don't know. Q. Why did you tell the retail board that the advisors have the full faith and backing from Mr. Dondero? MS. DANDENEAU: Objection to form. A. It is – it is – it is what has been discussed with them prior.	Page 193
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	the call? A. Other than the board members? Q. Yes. A. Lauren Thedford. I mean, there are – there are many – my section is just one of many sections that are just – you know, as you can appreciate, this is a long board meeting. I can't recall specifically, really even generally, or who was on when this was discussed. But Lauren was typically on for the entire time. Q. I apologize if I asked you this, but do either of Mr. Norris or Mr. Post hold any positions relative to the retail funds? A. I think you asked me this already, John. Q. Okay. I just don't recall. Can you just refresh my recollection if I did, in fact, ask you the question? A. I don't believe – if we can go back. I don't believe Mr. Norris has a title	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. Okay. Do you know if either of them have a position with the retail board – with the retail funds? A. I don't believe Mr. Norris has a position with the retail funds. Q. All right. What about Mr. Post? A. Mr. Post is the CCO of the advisors. Q. Okay. Does he hold any position – A. I don't believe so. Q. – with the retail funds? A. I don't believe so. Q. Okay. A. I don't know if being the CCO for the advisor conveys something for the retail funds. Again, I am not – that is the legal compliance part of it. I don't know. Q. Why did you tell the retail board that the advisors have the full faith and backing from Mr. Dondero? MS. DANDENEAU: Objection to form. A. It is – it is – it is what has	Page 193

1 /	Page 194		MATERIALISE AS AS AS	Page 195
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	
1	liabilities exceeded the assets that the	2	Q. Okay.	
1	advisors would still be able to meet their	3	A. And I don't really – I don't really	
1	obligations as they become due?	4	remember generally either.	
5	MS. DANDENEAU: Objection to form.	5	Q. Okay.	
6	MS. DEITSCH-PEREZ: Object form.	6	MR. MORRIS: So – so, again, I'm	
7	A. I – I can't – I don't remember	7	just going to ask Mr. Rukavina if your	
ı	specifically the conversation, but generally –	8	clients can produce as soon as possible the	
ı	you know, generally, yes. And that is why –	9	15(c) response, the written response that	
Ι.,	but, you know, again, in this email saying, you	10	the advisors made, if any, to the board's	
11	know, I am sure I qualified it with the retail	11	Question No. 2.	
12	board, you know, as I said I like – you know,	12	I'm not looking for the whole	
	to my knowledge, that hasn't changed. But,	13	response, but I certainly want the response	
	again, generally – generally that is what I	14	to Question No. 2.	
' -	remember.	15	Q. Do you have a general understanding	
16	Q. Okay. Do you recall if in the	16	as to the amount by which – withdrawn.	
	advisors' response to the retail board's	17	Did did the assets of	
	question if the response included any statement	18	withdrawn.	
	concerning Mr. Dondero and – and the full	19	Did the liabilities of HCMFA exceed	
20	faith and backing that he was giving to the	20	its assets in 2020?	
21	advisors?	21	MS. DANDENEAU: Objection to form.	
22	MS. DEITSCH-PEREZ: Object to the	22	MS. DEITSCH-PEREZ: Objection, form.	
23	form.	23	A. I believe I have already answered	
24	A. I don't – I don't remember	24	that question earlier, I think. I believe I	
25	specifically what was provided.	25	said yes.	
1	Page 196 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 197
2	Q. Okay. And did the liabilities of			
	Q. Oray. Aliu ulu li le liabililles di	2	tor those documents too	
2	•	2	for those documents too.	
	NexPoint exceed its assets in 2020?	3	Q. Let's go to the next exhibit, which	
4	NexPoint exceed its assets in 2020? MS. DEITSCH-PEREZ: Objection to	3 4	Q. Let's go to the next exhibit, which is Number 10. So I think it is in your stack,	
4 5	NexPoint exceed its assets in 2020? MS. DEITSCH-PEREZ: Objection to form.	3 4 5	Q. Let's go to the next exhibit, which is Number 10. So I think it is in your stack, Mr. Waterhouse.	
4 5 6	NexPoint exceed its assets in 2020? MS. DEITSCH-PEREZ: Objection to form. A. I don't believe so.	3 4 5 6	Q. Let's go to the next exhibit, which is Number 10. So I think it is in your stack, Mr. Waterhouse. MR. MORRIS: And we can take the one	
4 5 6 7	NexPoint exceed its assets in 2020? MS. DEITSCH-PEREZ: Objection to form. A. I don't believe so. Q. Okay. So – so it was only one of	3 4 5 6 7	Q. Let's go to the next exhibit, which is Number 10. So I think it is in your stack, Mr. Waterhouse. MR. MORRIS: And we can take the one down from the screen and put up Number 10	
4 5 6 7 8	NexPoint exceed its assets in 2020? MS. DEITSCH-PEREZ: Objection to form. A. I don't believe so. Q. Okay. So – so it was only one of the two advisors who had liabilities that	3 4 5 6 7 8	Q. Let's go to the next exhibit, which is Number 10. So I think it is in your stack, Mr. Waterhouse. MR. MORRIS: And we can take the one down from the screen and put up Number 10 for everybody.	
4 5 6 7 8 9	NexPoint exceed its assets in 2020? MS. DEITSCH-PEREZ: Objection to form. A. I don't believe so. Q. Okay. So – so it was only one of the two advisors who had liabilities that exceeded the value of the assets.	3 4 5 6 7 8 9	Q. Let's go to the next exhibit, which is Number 10. So I think it is in your stack, Mr. Waterhouse. MR. MORRIS: And we can take the one down from the screen and put up Number 10 for everybody. (Exhibit 10 marked.)	
4 5 6 7 8 9	NexPoint exceed its assets in 2020? MS. DEITSCH-PEREZ: Objection to form. A. I don't believe so. Q. Okay. So – so it was only one of the two advisors who had liabilities that exceeded the value of the assets. Do I have that right?	3 4 5 6 7 8 9	Q. Let's go to the next exhibit, which is Number 10. So I think it is in your stack, Mr. Waterhouse. MR. MORRIS: And we can take the one down from the screen and put up Number 10 for everybody. (Exhibit 10 marked.) Q. And I don't know if you have ever	
4 5 6 7 8 9 10 11	NexPoint exceed its assets in 2020? MS. DEITSCH-PEREZ: Objection to form. A. I don't believe so. Q. Okay. So – so it was only one of the two advisors who had liabilities that exceeded the value of the assets. Do I have that right? MS. DEITSCH-PEREZ: Objection to	3 4 5 6 7 8 9 10 11	Q. Let's go to the next exhibit, which is Number 10. So I think it is in your stack, Mr. Waterhouse. MR. MORRIS: And we can take the one down from the screen and put up Number 10 for everybody. (Exhibit 10 marked.) Q. And I don't know if you have ever seen this before, but I'm really putting it up	
4 5 6 7 8 9 10 11 12	NexPoint exceed its assets in 2020? MS. DEITSCH-PEREZ: Objection to form. A. I don't believe so. Q. Okay. So – so it was only one of the two advisors who had liabilities that exceeded the value of the assets. Do I have that right? MS. DEITSCH-PEREZ: Objection to form.	3 4 5 6 7 8 9 10 11 12	Q. Let's go to the next exhibit, which is Number 10. So I think it is in your stack, Mr. Waterhouse. MR. MORRIS: And we can take the one down from the screen and put up Number 10 for everybody. (Exhibit 10 marked.) Q. And I don't know if you have ever seen this before, but I'm really putting it up on the screen for purposes of turning to the	
4 5 6 7 8 9 10 11 12 13	NexPoint exceed its assets in 2020? MS. DEITSCH-PEREZ: Objection to form. A. I don't believe so. Q. Okay. So – so it was only one of the two advisors who had liabilities that exceeded the value of the assets. Do I have that right? MS. DEITSCH-PEREZ: Objection to form. MS. DANDENEAU: Form.	3 4 5 6 7 8 9 10 11 12 13	Q. Let's go to the next exhibit, which is Number 10. So I think it is in your stack, Mr. Waterhouse. MR. MORRIS: And we can take the one down from the screen and put up Number 10 for everybody. (Exhibit 10 marked.) Q. And I don't know if you have ever seen this before, but I'm really putting it up on the screen for purposes of turning to the very last page of the document.	
4 5 6 7 8 9 10 11 12 13 14	NexPoint exceed its assets in 2020? MS. DEITSCH-PEREZ: Objection to form. A. I don't believe so. Q. Okay. So – so it was only one of the two advisors who had liabilities that exceeded the value of the assets. Do I have that right? MS. DEITSCH-PEREZ: Objection to form. MS. DANDENEAU: Form. A. Yes.	3 4 5 6 7 8 9 10 11 12 13 14	Q. Let's go to the next exhibit, which is Number 10. So I think it is in your stack, Mr. Waterhouse. MR. MORRIS: And we can take the one down from the screen and put up Number 10 for everybody. (Exhibit 10 marked.) Q. And I don't know if you have ever seen this before, but I'm really putting it up on the screen for purposes of turning to the very last page of the document. So this is a document that we have	
4 5 6 7 8 9 10 11 12 13 14 15	NexPoint exceed its assets in 2020? MS. DEITSCH-PEREZ: Objection to form. A. I don't believe so. Q. Okay. So – so it was only one of the two advisors who had liabilities that exceeded the value of the assets. Do I have that right? MS. DEITSCH-PEREZ: Objection to form. MS. DANDENEAU: Form. A. Yes. Q. And do you know, ballpark, the	3 4 5 6 7 8 9 10 11 12 13 14 15	Q. Let's go to the next exhibit, which is Number 10. So I think it is in your stack, Mr. Waterhouse. MR. MORRIS: And we can take the one down from the screen and put up Number 10 for everybody. (Exhibit 10 marked.) Q. And I don't know if you have ever seen this before, but I'm really putting it up on the screen for purposes of turning to the very last page of the document. So this is a document that we have been – that we premarked as Exhibit 10. And	
4 5 6 7 8 9 10 11 12 13 14 15 16	NexPoint exceed its assets in 2020? MS. DEITSCH-PEREZ: Objection to form. A. I don't believe so. Q. Okay. So – so it was only one of the two advisors who had liabilities that exceeded the value of the assets. Do I have that right? MS. DEITSCH-PEREZ: Objection to form. MS. DANDENEAU: Form. A. Yes. Q. And do you know, ballpark, the amount by which the value of HCMFA's	3 4 5 6 7 8 9 10 11 12 13 14 15 16	Q. Let's go to the next exhibit, which is Number 10. So I think it is in your stack, Mr. Waterhouse. MR. MORRIS: And we can take the one down from the screen and put up Number 10 for everybody. (Exhibit 10 marked.) Q. And I don't know if you have ever seen this before, but I'm really putting it up on the screen for purposes of turning to the very last page of the document. So this is a document that we have been – that we premarked as Exhibit 10. And we're turning to the last page of the document,	
4 5 6 7 8 9 10 11 12 13 14 15 16 17	NexPoint exceed its assets in 2020? MS. DEITSCH-PEREZ: Objection to form. A. I don't believe so. Q. Okay. So – so it was only one of the two advisors who had liabilities that exceeded the value of the assets. Do I have that right? MS. DEITSCH-PEREZ: Objection to form. MS. DANDENEAU: Form. A. Yes. Q. And do you know, ballpark, the amount by which the value of HCMFA's liabilities exceeded their assets in 2020?	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Q. Let's go to the next exhibit, which is Number 10. So I think it is in your stack, Mr. Waterhouse. MR. MORRIS: And we can take the one down from the screen and put up Number 10 for everybody. (Exhibit 10 marked.) Q. And I don't know if you have ever seen this before, but I'm really putting it up on the screen for purposes of turning to the very last page of the document. So this is a document that we have been – that we premarked as Exhibit 10. And we're turning to the last page of the document, which is a document that was filed in the	
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	NexPoint exceed its assets in 2020? MS. DEITSCH-PEREZ: Objection to form. A. I don't believe so. Q. Okay. So – so it was only one of the two advisors who had liabilities that exceeded the value of the assets. Do I have that right? MS. DEITSCH-PEREZ: Objection to form. MS. DANDENEAU: Form. A. Yes. Q. And do you know, ballpark, the amount by which the value of HCMFA's liabilities exceeded their assets in 2020? MS. DANDENEAU: Objection to form.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. Let's go to the next exhibit, which is Number 10. So I think it is in your stack, Mr. Waterhouse. MR. MORRIS: And we can take the one down from the screen and put up Number 10 for everybody. (Exhibit 10 marked.) Q. And I don't know if you have ever seen this before, but I'm really putting it up on the screen for purposes of turning to the very last page of the document. So this is a document that we have been — that we premarked as Exhibit 10. And we're turning to the last page of the document, which is a document that was filed in the adversary proceeding 21-3004. And — no, I	
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	NexPoint exceed its assets in 2020? MS. DEITSCH-PEREZ: Objection to form. A. I don't believe so. Q. Okay. So – so it was only one of the two advisors who had liabilities that exceeded the value of the assets. Do I have that right? MS. DEITSCH-PEREZ: Objection to form. MS. DANDENEAU: Form. A. Yes. Q. And do you know, ballpark, the amount by which the value of HCMFA's liabilities exceeded their assets in 2020? MS. DANDENEAU: Objection to form. A. I don't – I don't recall.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	Q. Let's go to the next exhibit, which is Number 10. So I think it is in your stack, Mr. Waterhouse. MR. MORRIS: And we can take the one down from the screen and put up Number 10 for everybody. (Exhibit 10 marked.) Q. And I don't know if you have ever seen this before, but I'm really putting it up on the screen for purposes of turning to the very last page of the document. So this is a document that we have been – that we premarked as Exhibit 10. And we're turning to the last page of the document, which is a document that was filed in the adversary proceeding 21-3004. And – no, I apologize, I think we – right there. Perfect.	
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	NexPoint exceed its assets in 2020? MS. DEITSCH-PEREZ: Objection to form. A. I don't believe so. Q. Okay. So – so it was only one of the two advisors who had liabilities that exceeded the value of the assets. Do I have that right? MS. DEITSCH-PEREZ: Objection to form. MS. DANDENEAU: Form. A. Yes. Q. And do you know, ballpark, the amount by which the value of HCMFA's liabilities exceeded their assets in 2020? MS. DANDENEAU: Objection to form. A. I don't – I don't recall. MR. MORRIS: I had specifically	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Q. Let's go to the next exhibit, which is Number 10. So I think it is in your stack, Mr. Waterhouse. MR. MORRIS: And we can take the one down from the screen and put up Number 10 for everybody. (Exhibit 10 marked.) Q. And I don't know if you have ever seen this before, but I'm really putting it up on the screen for purposes of turning to the very last page of the document. So this is a document that we have been – that we premarked as Exhibit 10. And we're turning to the last page of the document, which is a document that was filed in the adversary proceeding 21-3004. And – no, I apologize, I think we – right there. Perfect. And it is page 31 of 31.	
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	NexPoint exceed its assets in 2020? MS. DEITSCH-PEREZ: Objection to form. A. I don't believe so. Q. Okay. So – so it was only one of the two advisors who had liabilities that exceeded the value of the assets. Do I have that right? MS. DEITSCH-PEREZ: Objection to form. MS. DANDENEAU: Form. A. Yes. Q. And do you know, ballpark, the amount by which the value of HCMFA's liabilities exceeded their assets in 2020? MS. DANDENEAU: Objection to form. A. I don't – I don't recall. MR. MORRIS: I had specifically requested in discovery the audited	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. Let's go to the next exhibit, which is Number 10. So I think it is in your stack, Mr. Waterhouse. MR. MORRIS: And we can take the one down from the screen and put up Number 10 for everybody. (Exhibit 10 marked.) Q. And I don't know if you have ever seen this before, but I'm really putting it up on the screen for purposes of turning to the very last page of the document. So this is a document that we have been – that we premarked as Exhibit 10. And we're turning to the last page of the document, which is a document that was filed in the adversary proceeding 21-3004. And – no, I apologize, I think we – right there. Perfect. And it is page 31 of 31. MR. MORRIS: I think there may have	
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	NexPoint exceed its assets in 2020? MS. DEITSCH-PEREZ: Objection to form. A. I don't believe so. Q. Okay. So – so it was only one of the two advisors who had liabilities that exceeded the value of the assets. Do I have that right? MS. DEITSCH-PEREZ: Objection to form. MS. DANDENEAU: Form. A. Yes. Q. And do you know, ballpark, the amount by which the value of HCMFA's liabilities exceeded their assets in 2020? MS. DANDENEAU: Objection to form. A. I don't – I don't recall. MR. MORRIS: I had specifically requested in discovery the audited financial reports for both advisors and	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. Let's go to the next exhibit, which is Number 10. So I think it is in your stack, Mr. Waterhouse. MR. MORRIS: And we can take the one down from the screen and put up Number 10 for everybody. (Exhibit 10 marked.) Q. And I don't know if you have ever seen this before, but I'm really putting it up on the screen for purposes of turning to the very last page of the document. So this is a document that we have been – that we premarked as Exhibit 10. And we're turning to the last page of the document, which is a document that was filed in the adversary proceeding 21-3004. And – no, I apologize, I think we – right there. Perfect. And it is page 31 of 31. MR. MORRIS: I think there may have been some something erroneously stapled to	
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	NexPoint exceed its assets in 2020? MS. DEITSCH-PEREZ: Objection to form. A. I don't believe so. Q. Okay. So – so it was only one of the two advisors who had liabilities that exceeded the value of the assets. Do I have that right? MS. DEITSCH-PEREZ: Objection to form. MS. DANDENEAU: Form. A. Yes. Q. And do you know, ballpark, the amount by which the value of HCMFA's liabilities exceeded their assets in 2020? MS. DANDENEAU: Objection to form. A. I don't – I don't recall. MR. MORRIS: I had specifically requested in discovery the audited financial reports for both advisors and NexPoint. I think I may have gotten one	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. Let's go to the next exhibit, which is Number 10. So I think it is in your stack, Mr. Waterhouse. MR. MORRIS: And we can take the one down from the screen and put up Number 10 for everybody. (Exhibit 10 marked.) Q. And I don't know if you have ever seen this before, but I'm really putting it up on the screen for purposes of turning to the very last page of the document. So this is a document that we have been – that we premarked as Exhibit 10. And we're turning to the last page of the document, which is a document that was filed in the adversary proceeding 21-3004. And – no, I apologize, I think we – right there. Perfect. And it is page 31 of 31. MR. MORRIS: I think there may have been some something erroneously stapled to the hard copy that I gave you folks, but	
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	NexPoint exceed its assets in 2020? MS. DEITSCH-PEREZ: Objection to form. A. I don't believe so. Q. Okay. So – so it was only one of the two advisors who had liabilities that exceeded the value of the assets. Do I have that right? MS. DEITSCH-PEREZ: Objection to form. MS. DANDENEAU: Form. A. Yes. Q. And do you know, ballpark, the amount by which the value of HCMFA's liabilities exceeded their assets in 2020? MS. DANDENEAU: Objection to form. A. I don't – I don't recall. MR. MORRIS: I had specifically requested in discovery the audited financial reports for both advisors and	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. Let's go to the next exhibit, which is Number 10. So I think it is in your stack, Mr. Waterhouse. MR. MORRIS: And we can take the one down from the screen and put up Number 10 for everybody. (Exhibit 10 marked.) Q. And I don't know if you have ever seen this before, but I'm really putting it up on the screen for purposes of turning to the very last page of the document. So this is a document that we have been – that we premarked as Exhibit 10. And we're turning to the last page of the document, which is a document that was filed in the adversary proceeding 21-3004. And – no, I apologize, I think we – right there. Perfect. And it is page 31 of 31. MR. MORRIS: I think there may have been some something erroneously stapled to	

Page 198 1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21	Page 199
2 Exhibit 10.	2 A. It is something like this, but I	
3 Q. Do you have that, Mr. Waterhouse?	3 don't think it was this specific document.	
4 A. I don't have it yet. I'm looking.	4 Q. Well, but this document does say in	
5 Q. All right. If you look at the top	5 the last sentence that Highland agreed not to	
6 right-hand comer, you will see it says page 7 hopefully something of 31?	6 seek – not to demand payment from HCMFA prior 7 to May 31, 2021; right?	
8 A. Yes, I've got it now.		
9 Q. Okay. You have got 31 of 31. You	9 Q. And are you aware of any other	
10 can take a moment to read that, if you would	10 document that was ever created pursuant to	
11 like.	11 which Highland agreed not to demand payment on	
12 A. (Reviewing document.) Okay.	12 amounts owed by HCMFA before May 31, 2021?	
13 Q. Have you ever seen this before?	13 A. Hold on. Are you asking, am I aware	
14 A. I don't know if I have seen this	14 of a document that by HCMFA that basically says	
15 specific document, but, you know, I've –	15 otherwise?	
16 I'm – I'm aware of it.	16 Q. No. Let me try again.	
17 Q. And is this the document that you	17 Are you aware of any other document	
18 had in mind when you sent that email to	18 pursuant to which – pursuant to which Highland	
19 Ms. Thedford that we just looked at where you	19 agreed not to make a demand on HCMFA until May	
20 said that Highland had agreed not to make a	20 31st, 2021?	
21 demand upon HCMFA until May 2021?	21 A. I'm – I think there was something	
22 A. Honestly, I don't – it wasn't this	22 in connection with – with the – with the	
23 document. I mean, it's something like this,	23 audit that basically says the same thing.	
24 yes. I mean, yes.	24 Q. Okay. And do you think that the	
25 Q. Well –	25 audit is referring to this particular document?	
Page 200		Page 201
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21	Ü
2 A. I don't know.	2 A. May 31 of 2021, excuse me.	
3 Q. All right. This document is dated	3 Q. And this document states the	
4 April 15, 2019. Do you see that?	4 deferral that you just described; correct?	
5 A. Ido.	5 A. It does.	
6 Q. And do you remember that the audit	6 Q. And this document states the	
7 was completed on June 3rd, 2019?	7 deferral that was described in the audited	
8 A. Yes.	8 financial statements that we looked at before;	
9 Q. And do you recall that the audited	0 10	
9 Q. And do you recall that the addited	9 correct?	
10 financials – and I'm happy to pull them up if	9 correct? 10 A. It does.	
·		
10 financials – and I'm happy to pull them up if	10 A. It does.	
 10 financials – and I'm happy to pull them up if 11 you would like, but do you recall that the 	10 A. It does. 11 MR. MORRIS: Okay. Can we scroll	
 financials – and I'm happy to pull them up if you would like, but do you recall that the audited financials included a reference to the 	 10 A. It does. 11 MR. MORRIS: Okay. Can we scroll 12 down just a little bit to see who signed on 	
 10 financials – and I'm happy to pull them up if 11 you would like, but do you recall that the 12 audited financials included a reference to the 13 agreement pursuant to which Highland agreed not 	 10 A. It does. 11 MR. MORRIS: Okay. Can we scroll 12 down just a little bit to see who signed on 13 behalf of the acknowledgment there. 	
10 financials – and I'm happy to pull them up if 11 you would like, but do you recall that the 12 audited financials included a reference to the 13 agreement pursuant to which Highland agreed not 14 to make a demand until May 31st, 2021?	 10 A. It does. 11 MR. MORRIS: Okay. Can we scroll 12 down just a little bit to see who signed on 13 behalf of the acknowledgment there. 14 Q. Okay. So Mr. Dondero signed this 	
10 financials – and I'm happy to pull them up if 11 you would like, but do you recall that the 12 audited financials included a reference to the 13 agreement pursuant to which Highland agreed not 14 to make a demand until May 31st, 2021? 15 A. Yes, I remember.	10 A. It does. 11 MR. MORRIS: Okay. Can we scroll 12 down just a little bit to see who signed on 13 behalf of the acknowledgment there. 14 Q. Okay. So Mr. Dondero signed this 15 document on behalf of both HCMFA and Highland;	
financials – and I'm happy to pull them up if you would like, but do you recall that the audited financials included a reference to the agreement pursuant to which Highland agreed not to make a demand until May 31st, 2021? A. Yes, I remember. Q. And as part of the process, would you have expected the corporate accounting team	10 A. It does. 11 MR. MORRIS: Okay. Can we scroll 12 down just a little bit to see who signed on 13 behalf of the acknowledgment there. 14 Q. Okay. So Mr. Dondero signed this 15 document on behalf of both HCMFA and Highland; 16 do you see that? 17 A. I do.	
10 financials – and I'm happy to pull them up if 11 you would like, but do you recall that the 12 audited financials included a reference to the 13 agreement pursuant to which Highland agreed not 14 to make a demand until May 31st, 2021? 15 A. Yes, I remember. 16 Q. And as part of the process, would	10 A. It does. 11 MR. MORRIS: Okay. Can we scroll 12 down just a little bit to see who signed on 13 behalf of the acknowledgment there. 14 Q. Okay. So Mr. Dondero signed this 15 document on behalf of both HCMFA and Highland; 16 do you see that? 17 A. I do.	
financials – and I'm happy to pull them up if you would like, but do you recall that the audited financials included a reference to the agreement pursuant to which Highland agreed not to make a demand until May 31st, 2021? A. Yes, I remember. Q. And as part of the process, would you have expected the corporate accounting team to have provided a copy of this document to PwC?	10 A. It does. 11 MR. MORRIS: Okay. Can we scroll 12 down just a little bit to see who signed on 13 behalf of the acknowledgment there. 14 Q. Okay. So Mr. Dondero signed this 15 document on behalf of both HCMFA and Highland; 16 do you see that? 17 A. I do. 18 Q. Okay. Did you discuss this document 19 or the – withdrawn.	
10 financials – and I'm happy to pull them up if 11 you would like, but do you recall that the 12 audited financials included a reference to the 13 agreement pursuant to which Highland agreed not 14 to make a demand until May 31st, 2021? 15 A. Yes, I remember. 16 Q. And as part of the process, would 17 you have expected the corporate accounting team 18 to have provided a copy of this document to 19 PwC? 20 MS. DANDENEAU: Objection to form.	10 A. It does. 11 MR. MORRIS: Okay. Can we scroll 12 down just a little bit to see who signed on 13 behalf of the acknowledgment there. 14 Q. Okay. So Mr. Dondero signed this 15 document on behalf of both HCMFA and Highland; 16 do you see that? 17 A. I do. 18 Q. Okay. Did you discuss this document 19 or the – withdrawn. 20 Did you discuss the concept of the	
financials – and I'm happy to pull them up if you would like, but do you recall that the audited financials included a reference to the agreement pursuant to which Highland agreed not to make a demand until May 31st, 2021? A. Yes, I remember. Q. And as part of the process, would you have expected the corporate accounting team to have provided a copy of this document to PwC? MS. DANDENEAU: Objection to form. A. Yes, I would have expected something	10 A. It does. 11 MR. MORRIS: Okay. Can we scroll 12 down just a little bit to see who signed on 13 behalf of the acknowledgment there. 14 Q. Okay. So Mr. Dondero signed this 15 document on behalf of both HCMFA and Highland; 16 do you see that? 17 A. I do. 18 Q. Okay. Did you discuss this document 19 or the – withdrawn. 20 Did you discuss the concept of the 21 deferral with Mr. Dondero in the spring of	
financials – and I'm happy to pull them up if you would like, but do you recall that the audited financials included a reference to the agreement pursuant to which Highland agreed not to make a demand until May 31st, 2021? A. Yes, I remember. Q. And as part of the process, would you have expected the corporate accounting team to have provided a copy of this document to PwC? MS. DANDENEAU: Objection to form. A. Yes, I would have expected something like this, or again, you know, some document	10 A. It does. 11 MR. MORRIS: Okay. Can we scroll 12 down just a little bit to see who signed on 13 behalf of the acknowledgment there. 14 Q. Okay. So Mr. Dondero signed this 15 document on behalf of both HCMFA and Highland; 16 do you see that? 17 A. I do. 18 Q. Okay. Did you discuss this document 19 or the – withdrawn. 20 Did you discuss the concept of the 21 deferral with Mr. Dondero in the spring of 22 2019?	
financials – and I'm happy to pull them up if you would like, but do you recall that the audited financials included a reference to the agreement pursuant to which Highland agreed not to make a demand until May 31st, 2021? A. Yes, I remember. Q. And as part of the process, would you have expected the corporate accounting team to have provided a copy of this document to PwC? MS. DANDENEAU: Objection to form. A. Yes, I would have expected something like this, or again, you know, some document that basically states – states the deferral	10 A. It does. 11 MR. MORRIS: Okay. Can we scroll 12 down just a little bit to see who signed on 13 behalf of the acknowledgment there. 14 Q. Okay. So Mr. Dondero signed this 15 document on behalf of both HCMFA and Highland; 16 do you see that? 17 A. I do. 18 Q. Okay. Did you discuss this document 19 or the – withdrawn. 20 Did you discuss the concept of the 21 deferral with Mr. Dondero in the spring of 22 2019? 23 A. I think I testified I don't recall.	
financials – and I'm happy to pull them up if you would like, but do you recall that the audited financials included a reference to the agreement pursuant to which Highland agreed not to make a demand until May 31st, 2021? A. Yes, I remember. Q. And as part of the process, would you have expected the corporate accounting team to have provided a copy of this document to PwC? MS. DANDENEAU: Objection to form. A. Yes, I would have expected something like this, or again, you know, some document	10 A. It does. 11 MR. MORRIS: Okay. Can we scroll 12 down just a little bit to see who signed on 13 behalf of the acknowledgment there. 14 Q. Okay. So Mr. Dondero signed this 15 document on behalf of both HCMFA and Highland; 16 do you see that? 17 A. I do. 18 Q. Okay. Did you discuss this document 19 or the – withdrawn. 20 Did you discuss the concept of the 21 deferral with Mr. Dondero in the spring of 22 2019?	

	Dane	000			D 000
1	Page WATERHOUSE - 10-19-21	202	1	WATERHOUSE - 10-19-21	Page 203
2	A. I don't recall.		2	A. Well, this – this document dated	
3	MR. MORRIS: Can we scroll back up		3	April 15, 2019 says they have been deferred to	
4	to the document, please.			May 31, 2021.	
5	Q. Do you see in the beginning it says,		5	Q. Right. But I'm just sticking to the	
6	reference is made to certain outstanding		6	first paragraph where they refer to the	
7	amounts loaned from Highland to HCMFA for		7	outstanding amounts. And in the end it says	
8	funding ongoing operations.		8	the – it remained outstanding on December	
9	Do you see that?		9	31st, 2018, and I think you told me that you	
10	A. Yes.	-	10	understood that, and then I'm just trying to	
11	Q. And were you aware as the CFO of	-	11	capture the last piece of it.	
12	Highland and as the treasurer of HCMFA that as	-	12	Did you understand that there were	
13	of April 15, 2019, Highland had made certain	-	13	amounts outstanding from the loan that Highland	
14	loans to HCMFA to fund HCMFA's ongoing	.	14	made to HCMFA to fund ongoing operations as of	
15	operations?	-		April 15th, 2019?	
16	A. Yes.	-	16	A. Yes.	
17	Q. And were you aware that those loans	-	17	Q. Thank you. Let's look at the next	
18	were payable on demand and remained outstanding	-	18	sentence. HCMFA expects that it may be unable	
19	as of December 31st, 2018?	-		to repay such amounts should they become due	
20	A. Yes.		20	for the period commencing today and continuing	
21	Q. And were you aware that those			through May 31st, 2021.	
22	amounts were payable on demand, and they		22	Do you see that?	
23	remained outstanding as of April 15, 2019?		23	MS. DANDENEAU: Objection to form.	
24	MS. DEITSCH-PEREZ: Object to the		24	A. Ido.	
25	form.		25	Q. As the CFO withdrawn.	
_					
	Page	204			Page 205
1	WATERHOUSE - 10-19-21	204	1	WATERHOUSE - 10-19-21	Page 205
1 2		204		WATERHOUSE - 10-19-21 should they become due?	Page 205
ı	WATERHOUSE - 10-19-21	204			Page 205
ı	WATERHOUSE - 10-19-21 As the treasurer of HCMFA, did you	204	2	should they become due?	Page 205
ı	WATERHOUSE - 10-19-21 As the treasurer of HCMFA, did you believe that – do you believe that statement	204	2 3 4	should they become due? MS. DANDENEAU: Objection to form.	Page 205
2 3 4	WATERHOUSE - 10-19-21 As the treasurer of HCMFA, did you believe that – do you believe that statement was true and accurate at the time it was	204	2 3 4 5	should they become due? MS. DANDENEAU: Objection to form. A. I mean, I – when you look at that,	Page 205
2 3 4 5	WATERHOUSE - 10-19-21 As the treasurer of HCMFA, did you believe that – do you believe that statement was true and accurate at the time it was rendered?	204	2 3 4 5 6	should they become due? MS. DANDENEAU: Objection to form. A. I mean, I – when you look at that, to answer you, completely, you know, again,	Page 205
2 3 4 5	WATERHOUSE - 10-19-21 As the treasurer of HCMFA, did you believe that – do you believe that statement was true and accurate at the time it was rendered? A. I mean, it – it – the answer to	204	2 3 4 5 6 7	should they become due? MS. DANDENEAU: Objection to form. A. I mean, I – when you look at that, to answer you, completely, you know, again, if – the response I gave the retail board was,	Page 205
2 3 4 5 6 7	WATERHOUSE - 10-19-21 As the treasurer of HCMFA, did you believe that – do you believe that statement was true and accurate at the time it was rendered? A. I mean, it – it – the answer to that is I really didn't have any – I didn't		2 3 4 5 6 7 8	should they become due? MS. DANDENEAU: Objection to form. A. I mean, I – when you look at that, to answer you, completely, you know, again, if – the response I gave the retail board was, you know, the – the advice – HCMFA advisors	Page 205
2 3 4 5 6 7 8	WATERHOUSE - 10-19-21 As the treasurer of HCMFA, did you believe that – do you believe that statement was true and accurate at the time it was rendered? A. I mean, it – it – the answer to that is I really didn't have any – I didn't have an opinion really.		2 3 4 5 6 7 8	should they become due? MS. DANDENEAU: Objection to form. A. I mean, I – when you look at that, to answer you, completely, you know, again, if – the response I gave the retail board was, you know, the – the advice – HCMFA advisors have the – have the full faith and backing of	Page 205
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 As the treasurer of HCMFA, did you believe that – do you believe that statement was true and accurate at the time it was rendered? A. I mean, it – it – the answer to that is I really didn't have any – I didn't have an opinion really. Q. Did you do anything to educate		2 3 4 5 6 7 8	should they become due? MS. DANDENEAU: Objection to form. A. I mean, I – when you look at that, to answer you, completely, you know, again, if – the response I gave the retail board was, you know, the – the advice – HCMFA advisors have the – have the full faith and backing of Jim Dondero. So I didn't form an opinion of	Page 205
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 As the treasurer of HCMFA, did you believe that – do you believe that statement was true and accurate at the time it was rendered? A. I mean, it – it – the answer to that is I really didn't have any – I didn't have an opinion really. Q. Did you do anything to educate yourself in April of 2019 on the issue of		2 3 4 5 6 7 8 9	should they become due? MS. DANDENEAU: Objection to form. A. I mean, I – when you look at that, to answer you, completely, you know, again, if – the response I gave the retail board was, you know, the – the advice – HCMFA advisors have the – have the full faith and backing of Jim Dondero. So I didn't form an opinion of whether the advisor could pay it or not.	Page 205
2 3 4 5 6 7 8 9 10	WATERHOUSE - 10-19-21 As the treasurer of HCMFA, did you believe that – do you believe that statement was true and accurate at the time it was rendered? A. I mean, it – it – the answer to that is I really didn't have any – I didn't have an opinion really. Q. Did you do anything to educate yourself in April of 2019 on the issue of whether HCMFA could repay the amounts that it		2 3 4 5 6 7 8 9 10 11	should they become due? MS. DANDENEAU: Objection to form. A. I mean, I – when you look at that, to answer you, completely, you know, again, if – the response I gave the retail board was, you know, the – the advice – HCMFA advisors have the – have the full faith and backing of Jim Dondero. So I didn't form an opinion of whether the advisor could pay it or not. Q. Did you form any view as to whether	Page 205
2 3 4 5 6 7 8 9 10 11 12	WATERHOUSE - 10-19-21 As the treasurer of HCMFA, did you believe that — do you believe that statement was true and accurate at the time it was rendered? A. I mean, it — it — the answer to that is I really didn't have any — I didn't have an opinion really. Q. Did you do anything to educate yourself in April of 2019 on the issue of whether HCMFA could repay the amounts that it owed to Highland should they become due?		2 3 4 5 6 7 8 9 10 11 12	should they become due? MS. DANDENEAU: Objection to form. A. I mean, I – when you look at that, to answer you, completely, you know, again, if – the response I gave the retail board was, you know, the – the advice – HCMFA advisors have the – have the full faith and backing of Jim Dondero. So I didn't form an opinion of whether the advisor could pay it or not. Q. Did you form any view as to whether the advisors could repay the amounts that it	Page 205
2 3 4 5 6 7 8 9 10 11 12 13	WATERHOUSE - 10-19-21 As the treasurer of HCMFA, did you believe that – do you believe that statement was true and accurate at the time it was rendered? A. I mean, it – it – the answer to that is I really didn't have any – I didn't have an opinion really. Q. Did you do anything to educate yourself in April of 2019 on the issue of whether HCMFA could repay the amounts that it owed to Highland should they become due? A. I don't believe so.		2 3 4 5 6 7 8 9 10 11 12	should they become due? MS. DANDENEAU: Objection to form. A. I mean, I – when you look at that, to answer you, completely, you know, again, if – the response I gave the retail board was, you know, the – the advice – HCMFA advisors have the – have the full faith and backing of Jim Dondero. So I didn't form an opinion of whether the advisor could pay it or not. Q. Did you form any view as to whether the advisors could repay the amounts that it owed to Highland should they become due without	Page 205
2 3 4 5 6 7 8 9 10 11 12 13 14	WATERHOUSE - 10-19-21 As the treasurer of HCMFA, did you believe that – do you believe that statement was true and accurate at the time it was rendered? A. I mean, it – it – the answer to that is I really didn't have any – I didn't have an opinion really. Q. Did you do anything to educate yourself in April of 2019 on the issue of whether HCMFA could repay the amounts that it owed to Highland should they become due? A. I don't believe so. Q. Did you at any time form any		2 3 4 5 6 7 8 9 10 11 12 13	should they become due? MS. DANDENEAU: Objection to form. A. I mean, I – when you look at that, to answer you, completely, you know, again, if – the response I gave the retail board was, you know, the – the advice – HCMFA advisors have the – have the full faith and backing of Jim Dondero. So I didn't form an opinion of whether the advisor could pay it or not. Q. Did you form any view as to whether the advisors could repay the amounts that it owed to Highland should they become due without the full faith and backing of Mr. Dondero?	Page 205
2 3 4 5 6 7 8 9 10 11 12 13 14 15	WATERHOUSE - 10-19-21 As the treasurer of HCMFA, did you believe that — do you believe that statement was true and accurate at the time it was rendered? A. I mean, it — it — the answer to that is I really didn't have any — I didn't have an opinion really. Q. Did you do anything to educate yourself in April of 2019 on the issue of whether HCMFA could repay the amounts that it owed to Highland should they become due? A. I don't believe so. Q. Did you at any time form any opinions as to HCMFA's ability to repay all		2 3 4 5 6 7 8 9 10 11 12 13 14	should they become due? MS. DANDENEAU: Objection to form. A. I mean, I – when you look at that, to answer you, completely, you know, again, if – the response I gave the retail board was, you know, the – the advice – HCMFA advisors have the – have the full faith and backing of Jim Dondero. So I didn't form an opinion of whether the advisor could pay it or not. Q. Did you form any view as to whether the advisors could repay the amounts that it owed to Highland should they become due without the full faith and backing of Mr. Dondero? MS. DANDENEAU: Objection to form.	Page 205
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	WATERHOUSE - 10-19-21 As the treasurer of HCMFA, did you believe that – do you believe that statement was true and accurate at the time it was rendered? A. I mean, it – it – the answer to that is I really didn't have any – I didn't have an opinion really. Q. Did you do anything to educate yourself in April of 2019 on the issue of whether HCMFA could repay the amounts that it owed to Highland should they become due? A. I don't believe so. Q. Did you at any time form any opinions as to HCMFA's ability to repay all amounts due to Highland should they become due?		2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	should they become due? MS. DANDENEAU: Objection to form. A. I mean, I – when you look at that, to answer you, completely, you know, again, if – the response I gave the retail board was, you know, the – the advice – HCMFA advisors have the – have the full faith and backing of Jim Dondero. So I didn't form an opinion of whether the advisor could pay it or not. Q. Did you form any view as to whether the advisors could repay the amounts that it owed to Highland should they become due without the full faith and backing of Mr. Dondero? MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Form.	Page 205
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	WATERHOUSE - 10-19-21 As the treasurer of HCMFA, did you believe that – do you believe that statement was true and accurate at the time it was rendered? A. I mean, it – it – the answer to that is I really didn't have any – I didn't have an opinion really. Q. Did you do anything to educate yourself in April of 2019 on the issue of whether HCMFA could repay the amounts that it owed to Highland should they become due? A. I don't believe so. Q. Did you at any time form any opinions as to HCMFA's ability to repay all amounts due to Highland should they become due? A. Not really. I guess I don't		2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	should they become due? MS. DANDENEAU: Objection to form. A. I mean, I – when you look at that, to answer you, completely, you know, again, if – the response I gave the retail board was, you know, the – the advice – HCMFA advisors have the – have the full faith and backing of Jim Dondero. So I didn't form an opinion of whether the advisor could pay it or not. Q. Did you form any view as to whether the advisors could repay the amounts that it owed to Highland should they become due without the full faith and backing of Mr. Dondero? MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Form. A. I mean, if you – if you – if you	Page 205
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	WATERHOUSE - 10-19-21 As the treasurer of HCMFA, did you believe that — do you believe that statement was true and accurate at the time it was rendered? A. I mean, it — it — the answer to that is I really didn't have any — I didn't have an opinion really. Q. Did you do anything to educate yourself in April of 2019 on the issue of whether HCMFA could repay the amounts that it owed to Highland should they become due? A. I don't believe so. Q. Did you at any time form any opinions as to HCMFA's ability to repay all amounts due to Highland should they become due? A. Not really. I guess I don't Q. Well, you told the retail board that		2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	should they become due? MS. DANDENEAU: Objection to form. A. I mean, I – when you look at that, to answer you, completely, you know, again, if – the response I gave the retail board was, you know, the – the advice – HCMFA advisors have the – have the full faith and backing of Jim Dondero. So I didn't form an opinion of whether the advisor could pay it or not. Q. Did you form any view as to whether the advisors could repay the amounts that it owed to Highland should they become due without the full faith and backing of Mr. Dondero? MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Form. A. I mean, if you – if you – if you take that last statement out, I mean, it would	Page 205
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	WATERHOUSE - 10-19-21 As the treasurer of HCMFA, did you believe that — do you believe that statement was true and accurate at the time it was rendered? A. I mean, it — it — the answer to that is I really didn't have any — I didn't have an opinion really. Q. Did you do anything to educate yourself in April of 2019 on the issue of whether HCMFA could repay the amounts that it owed to Highland should they become due? A. I don't believe so. Q. Did you at any time form any opinions as to HCMFA's ability to repay all amounts due to Highland should they become due? A. Not really. I guess I don't Q. Well, you told the retail board that HCMFA's liabilities exceeded their assets in		2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	MS. DANDENEAU: Objection to form. A. I mean, I – when you look at that, to answer you, completely, you know, again, if – the response I gave the retail board was, you know, the – the advice – HCMFA advisors have the – have the full faith and backing of Jim Dondero. So I didn't form an opinion of whether the advisor could pay it or not. Q. Did you form any view as to whether the advisors could repay the amounts that it owed to Highland should they become due without the full faith and backing of Mr. Dondero? MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Form. A. I mean, if you – if you – if you take that last statement out, I mean, it would be difficult for HCMFA to pay back demand notes	Page 205
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	WATERHOUSE - 10-19-21 As the treasurer of HCMFA, did you believe that — do you believe that statement was true and accurate at the time it was rendered? A. I mean, it — it — the answer to that is I really didn't have any — I didn't have an opinion really. Q. Did you do anything to educate yourself in April of 2019 on the issue of whether HCMFA could repay the amounts that it owed to Highland should they become due? A. I don't believe so. Q. Did you at any time form any opinions as to HCMFA's ability to repay all amounts due to Highland should they become due? A. Not really. I guess I don't Q. Well, you told the retail board that HCMFA's liabilities exceeded their assets in 2020; correct?		2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	should they become due? MS. DANDENEAU: Objection to form. A. I mean, I – when you look at that, to answer you, completely, you know, again, if – the response I gave the retail board was, you know, the – the advice – HCMFA advisors have the – have the full faith and backing of Jim Dondero. So I didn't form an opinion of whether the advisor could pay it or not. Q. Did you form any view as to whether the advisors could repay the amounts that it owed to Highland should they become due without the full faith and backing of Mr. Dondero? MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Form. A. I mean, if you – if you – if you take that last statement out, I mean, it would be difficult for HCMFA to pay back demand notes at that time.	Page 205
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	WATERHOUSE - 10-19-21 As the treasurer of HCMFA, did you believe that – do you believe that statement was true and accurate at the time it was rendered? A. I mean, it – it – the answer to that is I really didn't have any – I didn't have an opinion really. Q. Did you do anything to educate yourself in April of 2019 on the issue of whether HCMFA could repay the amounts that it owed to Highland should they become due? A. I don't believe so. Q. Did you at any time form any opinions as to HCMFA's ability to repay all amounts due to Highland should they become due? A. Not really. I guess I don't Q. Well, you told the retail board that HCMFA's liabilities exceeded their assets in 2020; correct? A. Yes.		2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	should they become due? MS. DANDENEAU: Objection to form. A. I mean, I – when you look at that, to answer you, completely, you know, again, if – the response I gave the retail board was, you know, the – the advice – HCMFA advisors have the – have the full faith and backing of Jim Dondero. So I didn't form an opinion of whether the advisor could pay it or not. Q. Did you form any view as to whether the advisors could repay the amounts that it owed to Highland should they become due without the full faith and backing of Mr. Dondero? MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Form. A. I mean, if you – if you – if you take that last statement out, I mean, it would be difficult for HCMFA to pay back demand notes at that time. Q. And it was precisely for that reason	Page 205
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	WATERHOUSE - 10-19-21 As the treasurer of HCMFA, did you believe that — do you believe that statement was true and accurate at the time it was rendered? A. I mean, it — it — the answer to that is I really didn't have any — I didn't have an opinion really. Q. Did you do anything to educate yourself in April of 2019 on the issue of whether HCMFA could repay the amounts that it owed to Highland should they become due? A. I don't believe so. Q. Did you at any time form any opinions as to HCMFA's ability to repay all amounts due to Highland should they become due? A. Not really. I guess I don't Q. Well, you told the retail board that HCMFA's liabilities exceeded their assets in 2020; correct? A. Yes. Q. Based on the work that you did to		2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	MS. DANDENEAU: Objection to form. A. I mean, I – when you look at that, to answer you, completely, you know, again, if – the response I gave the retail board was, you know, the – the advice – HCMFA advisors have the – have the full faith and backing of Jim Dondero. So I didn't form an opinion of whether the advisor could pay it or not. Q. Did you form any view as to whether the advisors could repay the amounts that it owed to Highland should they become due without the full faith and backing of Mr. Dondero? MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Form. A. I mean, if you – if you – if you take that last statement out, I mean, it would be difficult for HCMFA to pay back demand notes at that time. Q. And it was precisely for that reason that you told the retail board that – that the	Page 205
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	WATERHOUSE - 10-19-21 As the treasurer of HCMFA, did you believe that — do you believe that statement was true and accurate at the time it was rendered? A. I mean, it — it — the answer to that is I really didn't have any — I didn't have an opinion really. Q. Did you do anything to educate yourself in April of 2019 on the issue of whether HCMFA could repay the amounts that it owed to Highland should they become due? A. I don't believe so. Q. Did you at any time form any opinions as to HCMFA's ability to repay all amounts due to Highland should they become due? A. Not really. I guess I don't Q. Well, you told the retail board that HCMFA's liabilities exceeded their assets in 2020; correct? A. Yes. Q. Based on the work that you did to prepare for the retail board, did you form any		2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	MS. DANDENEAU: Objection to form. A. I mean, I – when you look at that, to answer you, completely, you know, again, if – the response I gave the retail board was, you know, the – the advice – HCMFA advisors have the – have the full faith and backing of Jim Dondero. So I didn't form an opinion of whether the advisor could pay it or not. Q. Did you form any view as to whether the advisors could repay the amounts that it owed to Highland should they become due without the full faith and backing of Mr. Dondero? MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Form. A. I mean, if you – if you – if you take that last statement out, I mean, it would be difficult for HCMFA to pay back demand notes at that time. Q. And it was precisely for that reason that you told the retail board that – that the retail – that the advisors had the full faith	Page 205

_		B 000			2007
1	WATERHOUSE - 10-19-21	Page 206	1	WATERHOUSE - 10-19-21	Page 207
2	A. I mean, yes, as the mouthpiece, I		2	so let's put the email back up.	
3	was relaying information.		3	A. It is – it is – it is in the	
4	Q. Okay. And you relayed that		4	email.	
5	information with the knowledge and approval of		5	Q. Let's put the email back up. You	
6	Mr. Dondero; correct?		6	didn't say unless it has changed. You said you	
7	MS. DEITSCH-PEREZ: Object to the		7	believe it hasn't changed; right?	
8	form.		8	A. Okay. And to my knowledge that	
9	A. As I stated in the email, I don't		9	hasn't changed, that is what it says.	
10	believe, and I think I testified I don't		10	Q. That's right.	
11	believe I had conversations with Mr. Dondero at		11	A. But, again, I mean, that is – I	
12	the time of that board meeting.		12	don't know everything. And I'm not in every	
13	Q. Did you tell the retail board that		13	conversation. I'm not – to presume that I am,	
14	the advisors had the full faith and backing of		14	is – and you have to put myself – as you	
15	Mr. Dondero without Mr. Dondero's prior		15	started this out, Mr. Morris, I was at home in	
16	approval?		16	October of 2020 with COVID - or, you know,	
17	A. Yeah, I – I – yes, I'm – like I		17	under these COVID times that we described is	
18	said, I think I testified earlier, I'm sure I		18	very difficult.	
19	qualified it as well.		19	We have all been working at home for	
20	Q. What do you mean by that?		20	really the first time ever, undergoing	
21	MS. DANDENEAU: Objection to form.		21	processes, procedures, control environments	
22	A. Again – again, like I said in the		22	that have been untested, and there is poor	
23	email, it has the full faith and backing of Jim		23	communication.	
24	Dondero unless that has changed.		24	So I am relaying, as I'm telling you	
25	Q. Actually that is not what you said,		25	now, what is in the email. And unless	
\vdash		Page 208			Page 209
1	WATERHOUSE - 10-19-21	g	1	WATERHOUSE - 10-19-21	g
2	something has changed to my knowledge, it		2	promissory notes that your clients refuse	
3	hasn't changed, but it could have changed.		3	to pay.	
4	Q. When you say that the advisors have		4	So I'm going to continue to ask my	
5	the full faith and backing from Mr. Dondero,		5	questions, and I would ask the court	
6	did you intend to convey that, to the extent		6	reporter to read back my last question.	
7	the advisors were unable to satisfy their		7	(Record read.)	
8	obligations as they become due, Mr. Dondero		8	MS. DEITSCH-PEREZ: And then I	
9	would do it for them?		9	believe there were objections to form.	
10	MS. DANDENEAU: Object to the form.		10	Q. You can answer the question.	
11	MS. DEITSCH-PEREZ: Object to the		11	A. Yes.	
12	form.		12	Q. Thank you very much, sir.	
13	And, John, we have given you a lot		13	MR. MORRIS: Can we go back to the	
14	of leeway here but this does not seem		14	other document, please?	
15	relevant to this case. You seem sort of		15	Q. Mr. Waterhouse, do you know if this	
16	taking a complete sort of diversion into		16	document was ever shared with the retail board?	
17	the allegations and the complaint just		17	A. I don't recall.	
18	filed on Friday, and so I would ask you to		18	Q. Did you ever share it with the	
19	move on because –		19	retail board?	
20	MR. MORRIS: And I will tell you -		20	A. I don't recall.	
21	I will tell you that I have never read that		21	Q. Did you ever tell the retail board	
22	complaint cover-to-cover. I have nothing		22	about the substance of this document?	
23	to do with the prosecution of those claims.		23	A. I don't recall.	
24	And this issue that we're talking about		24	Q. Did you ever tell the retail board	
25	right now is related solely to the		25	that Highland had agreed not to make a demand	
			1		

1	Page 210 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 211
1	gainst HCMFA until May 2021?	2	Q. Did you ever inform PwC that HCMFA's	
3	A. I don't recall.	3	liabilities exceeded its assets?	
4	Q. Do you know whether anybody on	4	MS. DANDENEAU: Object to the form.	
5 b	ehalf of the advisors ever informed the retail	5	A. I don't – I don't think I told	
6 b	oard that Highland had agreed on April 15,	6	them. I mean, they - they audited the	
1	019, not to make a demand against HCMFA under	7	financial statements.	
1	ne promissory notes?	8	Q. Did – do you know if anybody on	
9	A. I don't recall.	9	behalf of Highland ever informed	
10	Q. Did you instruct Ms. Thedford or	10		
11 a	anybody else responding to the retail board's	11	to repay amounts owing to Highland, should they	
1	15(c) inquiry to disclose this document?	12		
13	A. Did I instruct Ms. Thedford or	13	MS. DANDENEAU: Objection to form.	
14 a	anyone else to to to produce this, to	14		
1	disclose this document? Is that what you – I	15		
1	ust want to make sure.	16		
17	Q. Uh-huh.	17		
18	A. Yeah, I don't – I don't recall.	18	•	
19	Q. Did you instruct anybody to inform	19		
1	he retail board, in response to their question	20		
1	as part of the 15(c) process, to – to tell the	21	mean, there is a disclosure in the financial	
1	etail board about Highland's agreement not to	22		
1	nake a demand until 2021?	23		
24	MS. DANDENEAU: Objection to form.	24	•	
25	A. I don't recall.	25		
	D 040	_		D 040
1	Page 212 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 213
2	A. Yes.	2	A. I have answered this question	
3	Q. Do you recall looking in the	3	before.	
4 d	ocument and seeing anything that was disclosed	4	Q. And the answer was no?	
5 w	vith respect to the sentence above that?	5	A. I'm not aware.	
6	A. No.	6	Q. Now, this acknowledgment can't	
7	Q. Do you know whether anybody on	7	possibly apply to the two notes that you signed	
8 b	ehalf of Highland ever informed	8	on behalf of HCMFA because those notes were	
9 P	ricewaterhouseCoopers that HCMFA expects that	9	signed on May 2nd and May 3rd, 2019; is that	
10 it	may be unable to repay amounts due and owing	10	right?	
11 to	o Highland should they become due?	11	MS. DANDENEAU: Objection to form.	
12	MS. DEITSCH-PEREZ: Object to the	12	A. Unless there is a drafting error.	
13		1	O OI A	
1 .~	form. I think that is the third time.	13	Q. Okay. Are you aware of a drafting	
14	form. I think that is the third time. A. I don't recall. Again, as I said,	13 14		
14			error?	
14	A. I don't recall. Again, as I said,	14	error? A. I'm not aware. I didn't – I wasn't	
14 15 v 16	A. I don't recall. Again, as I said, ve – all of this was given to the auditors.	14 15	error? A. I'm not aware. I didn't – I wasn't	
14 15 v 16 17 a	A. I don't recall. Again, as I said, ve – all of this was given to the auditors. Q. Do you know if Highland received	14 15 16	error? A. I'm not aware. I didn't – I wasn't part of – I didn't sign this note or this acknowledgment. I didn't draft it.	
14 15 v 16 17 a 18 r	A. I don't recall. Again, as I said, we – all of this was given to the auditors. Q. Do you know if Highland received anything of value in exchange for its agreement	14 15 16 17	error? A. I'm not aware. I didn't – I wasn't part of – I didn't sign this note or this acknowledgment. I didn't draft it. Q. But you do see it is dated April 15,	
14 15 v 16 17 a 18 r	A. I don't recall. Again, as I said, we — all of this was given to the auditors. Q. Do you know if Highland received anything of value in exchange for its agreement not to demand payment on amounts owed by HCMFA	14 15 16 17 18	error? A. I'm not aware. I didn't – I wasn't part of – I didn't sign this note or this acknowledgment. I didn't draft it. Q. But you do see it is dated April 15, 2019; right?	
14 15 v 16 17 a 18 r 19 p	A. I don't recall. Again, as I said, we – all of this was given to the auditors. Q. Do you know if Highland received anything of value in exchange for its agreement not to demand payment on amounts owed by HCMFA prior to May 31st, 2021?	14 15 16 17 18 19	error? A. I'm not aware. I didn't – I wasn't part of – I didn't sign this note or this acknowledgment. I didn't draft it. Q. But you do see it is dated April 15, 2019; right?	
14 15 v 16 17 a 18 r 19 p 20	A. I don't recall. Again, as I said, we — all of this was given to the auditors. Q. Do you know if Highland received anything of value in exchange for its agreement not to demand payment on amounts owed by HCMFA prior to May 31st, 2021? MS. DEITSCH-PEREZ: Object to the	14 15 16 17 18 19 20	error? A. I'm not aware. I didn't – I wasn't part of – I didn't sign this note or this acknowledgment. I didn't draft it. Q. But you do see it is dated April 15, 2019; right? A. Yes. Q. And this was a document that was	
14 15 v 16 17 a 18 r 19 p 20 21	A. I don't recall. Again, as I said, we — all of this was given to the auditors. Q. Do you know if Highland received anything of value in exchange for its agreement not to demand payment on amounts owed by HCMFA prior to May 31st, 2021? MS. DEITSCH-PEREZ: Object to the form. That is the second time.	14 15 16 17 18 19 20 21	error? A. I'm not aware. I didn't – I wasn't part of – I didn't sign this note or this acknowledgment. I didn't draft it. Q. But you do see it is dated April 15, 2019; right? A. Yes. Q. And this was a document that was actually included by the advisors in a pleading	
14 15 v 16 17 a 18 r 19 p 20 21 22	A. I don't recall. Again, as I said, we – all of this was given to the auditors. Q. Do you know if Highland received anything of value in exchange for its agreement not to demand payment on amounts owed by HCMFA brior to May 31st, 2021? MS. DEITSCH-PEREZ: Object to the form. That is the second time. MS. DANDENEAU: Object to the form.	14 15 16 17 18 19 20 21 22	error? A. I'm not aware. I didn't – I wasn't part of – I didn't sign this note or this acknowledgment. I didn't draft it. Q. But you do see it is dated April 15, 2019; right? A. Yes. Q. And this was a document that was actually included by the advisors in a pleading they filed with the Court; right?	
14 15 v 16 17 a 18 r 19 p 20 21 22 23	A. I don't recall. Again, as I said, we — all of this was given to the auditors. Q. Do you know if Highland received anything of value in exchange for its agreement not to demand payment on amounts owed by HCMFA prior to May 31st, 2021? MS. DEITSCH-PEREZ: Object to the form. That is the second time. MS. DANDENEAU: Object to the form. A. I have answered this question.	14 15 16 17 18 19 20 21 22 23	error? A. I'm not aware. I didn't – I wasn't part of – I didn't sign this note or this acknowledgment. I didn't draft it. Q. But you do see it is dated April 15, 2019; right? A. Yes. Q. And this was a document that was actually included by the advisors in a pleading they filed with the Court; right? MR. RUKAVINA: Well, I don't know	

		Page 214			Page 215
1	WATERHOUSE - 10-19-21		1	WATERHOUSE - 10-19-21	
2	Q. Okay. Let's go to the first page of		2	of verifying that, we're just –	
3	the document and just confirm that.		3	MR. MORRIS: You do, actually. You	
4	MR. AIGEN: Mr. Morris, I just note		4	could just go to Docket No. 21-3004.	
5	that you already said there was some error		5	MS. DEITSCH-PEREZ: If you want to	
6	with the document that is listed as		6	stop this deposition so we can go and pull	
7	exhibit –		7	that document up, we're happy to do it. So	
8	MR. MORRIS: No. No, no, no.		8	I am just asking you for your	
9	MS. DEITSCH-PEREZ: Oh, okay.		9	representation.	
10	MR. MORRIS: What I said is that		10	MR. MORRIS: Sure. I gave that.	
11	there is a few pages that were mistakenly		11	MS. DEITSCH-PEREZ: Okay.	
12	stapled to the end of the document.		12	Q. So do you see that this is a	
13	MS. DEITSCH-PEREZ: Okay.		13	document that was actually filed with the Court	
14	MR. MORRIS: There is no problem		14	by Highland Capital Management Fund Advisors?	
15	with this document.		15	A. No. I get with the first page in	
16	MS. DEITSCH-PEREZ: And just so		16	the section. Maybe I'm looking at the wrong	
17	we're clear that the document – the pages		17	thing. It says, Highland Capital Management.	
18	that start with defendant's amended answer		18	Q. Don't worry about it. Don't worry	
19	are not intended to be part of this		19	about it.	
20	document?		20	A. Maybe I went back – okay.	
21	MR. MORRIS: That's correct.		21	MR. MORRIS: All right. Can we put	
22	MS. DEITSCH-PEREZ: And that the		22	up on the screen Exhibit 2.	
23	but it is your representation that the rest		23	(Exhibit 2 marked.)	
24	of the document is – is – is correct		24	MR. MORRIS: I think it is	
25	because we don't – we don't have any way		25	Exhibit 1.	
20	because we don't - we don't have any way		23	EXHIBIT 1.	
1	WATERHOUSE - 10-19-21	Page 216	1	WATERHOUSE - 10-19-21	Page 217
2	MS. DANDENEAU: I'm sorry, John, did		2	this is an annual installment note?	
3	you say Exhibit 2 or Exhibit 1?		3		
4	MR. MORRIS: It is Exhibit 2 in the		4	A. Can you scroll down. Q. Sure.	
5	binders so it is premarked Exhibit 2. And		5	MR. MORRIS: Can we scroll down –	
6	now I'm asking – right there – going to		6	yeah, there you go.	
7	Exhibit 1 to the document that was marked		7	A. Right there, yeah. Yes.	
8	as Exhibit 2.		8	MR. MORRIS: And can we scroll down	
9	MS. DANDENEAU: Got it. In the		9	to the signature line.	
10	binder there is no –		10	Q. And do you recognize that as	
11	MS. DEITSCH-PEREZ: There is no		11	Mr. Dondero's signature?	
12	Exhibit 1.		12	A. Yes.	
13	MR. MORRIS: All right. So look at		13	Q. And is this the promissory note that	
14	the one on the screen.		14	we talked about earlier where NexPoint had made	
15	Q. Do you see, Mr. Waterhouse, that		15	certain payments in the aggregate amount of	
	this is a promissory note dated May 31st, 2017,		16	about 6 to \$7 million against principal and	
	in the approximate amount of \$30.7 million?		17	interest?	
18	A. Yes.		18	A. I don't recall discussing the	
19	Q. And do you see that the maker of the		19	aggregate principal amounts of 6 to \$7 million,	
	note is NexPoint?		20	but - so I don't - I don't recall that prior	
20	THOSE IS I YOU SHIE.		21	discussion with those amounts.	
20 21	A. Yes.			dioddolori war arood diriodrito.	
			22	Q. All right. Let's take a look.	
21 22	A. Yes.				
21 22	A. Yes.Q. And that Highland is the payee; is		22	Q. All right. Let's take a look.	

Dage 24	0	Dags 210
Page 21 1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21	Page 219
2 A. Yes.	2 A. I didn't participate directly, as	
3 Q. And NexPoint had its financial	3 I've described before, about the – the team	
4 statements audited; isn't that correct?	4 performing the audit.	
5 A. Yes.	5 Q. Do you recall when the audit of	
6 Q. And was the process of NexPoint's	6 NexPoint's financial statements for the period	
7 audit similar to the process you described	7 ending December 31st, 2019 was completed?	
8 earlier for Highland and HCMFA?	8 A. Yes.	
9 A. Yes, it is similar.	9 Q. And when do you recall it being	
10 Q. Okay.	10 completed?	
11 MR. MORRIS: Can we put up	11 A. In January of 2021.	
12 NexPoint's audited financials and let	12 Q. Do you know why the 2019 audit	
13 everybody know what exhibit number it is,	13 report wasn't completed until January of 2021?	
14 La Asia?	14 A. Yes.	
15 MS. CANTY: It is going to be	15 Q. Why was the NexPoint audit report	
16 Exhibit 46.	16 for the period ending 12/31/19 not completed	
17 (Exhibit 46 marked.)	17 until January 2021?	
18 Q. And do you see, sir, that we've put	18 A. Because we had to deal with working	
19 up NexPoint Advisors' consolidated financial	19 from home from with COVID, and on top of all	
20 statements and supplemental information for the	20 of our daily responsibilities and job duties	
21 period ending December 31st, 2019?	21 at – at providing – at Highland providing	
22 A. Yes.	22 services to NexPoint, we had to do all of this	
23 Q. Did you participate in the process	23 extra work for a bankruptcy that was filed in	
24 whereby these audited financial statements were	24 October of 2019.	
25 issued?	25 MR. MORRIS: Can we go to the	
Page 22	0	Page 221
Page 22 1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21	Page 221
		Page 221
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21	Page 221
1 WATERHOUSE - 10-19-21 2 balance sheet on page 3? Okay. Stop right	1 WATERHOUSE - 10-19-21 2 form.	Page 221
 1 WATERHOUSE - 10-19-21 2 balance sheet on page 3? Okay. Stop right 3 there. 4 Q. Do you see under the liabilities 5 section, the last item is note payable to 	 WATERHOUSE - 10-19-21 form. A. Approximately. 	Page 221
 WATERHOUSE - 10-19-21 balance sheet on page 3? Okay. Stop right there. Q. Do you see under the liabilities 	 WATERHOUSE - 10-19-21 form. A. Approximately. Q. And does that refresh your 	Page 221
 1 WATERHOUSE - 10-19-21 2 balance sheet on page 3? Okay. Stop right 3 there. 4 Q. Do you see under the liabilities 5 section, the last item is note payable to 	 WATERHOUSE - 10-19-21 form. A. Approximately. Q. And does that refresh your recollection that between the time the note was 	Page 221
 1 WATERHOUSE - 10-19-21 2 balance sheet on page 3? Okay. Stop right 3 there. 4 Q. Do you see under the liabilities 5 section, the last item is note payable to 6 affiliate? 	 WATERHOUSE - 10-19-21 form. A. Approximately. Q. And does that refresh your recollection that between the time the note was executed and the end of 2019, that NexPoint had 	Page 221
 1 WATERHOUSE - 10-19-21 2 balance sheet on page 3? Okay. Stop right 3 there. 4 Q. Do you see under the liabilities 5 section, the last item is note payable to 6 affiliate? 7 A. Yes. 	 1 WATERHOUSE - 10-19-21 2 form. 3 A. Approximately. 4 Q. And does that refresh your 5 recollection that between the time the note was 6 executed and the end of 2019, that NexPoint had 7 paid down approximately \$7 million? 	Page 221
1 WATERHOUSE - 10-19-21 2 balance sheet on page 3? Okay. Stop right 3 there. 4 Q. Do you see under the liabilities 5 section, the last item is note payable to 6 affiliate? 7 A. Yes. 8 Q. And is that the note that we just 9 looked at? 10 MS. DANDENEAU: Objection to form.	 WATERHOUSE - 10-19-21 form. A. Approximately. Q. And does that refresh your recollection that between the time the note was executed and the end of 2019, that NexPoint had paid down approximately \$7 million? A. Yes. If we are just doing the math, yes. Q. Okay. Did NexPoint complete its 	Page 221
1 WATERHOUSE - 10-19-21 2 balance sheet on page 3? Okay. Stop right 3 there. 4 Q. Do you see under the liabilities 5 section, the last item is note payable to 6 affiliate? 7 A. Yes. 8 Q. And is that the note that we just 9 looked at? 10 MS. DANDENEAU: Objection to form. 11 Q. Withdrawn.	1 WATERHOUSE - 10-19-21 2 form. 3 A. Approximately. 4 Q. And does that refresh your 5 recollection that between the time the note was 6 executed and the end of 2019, that NexPoint had 7 paid down approximately \$7 million? 8 A. Yes. If we are just doing the math, 9 yes. 10 Q. Okay. Did NexPoint complete its 11 audit from 2020?	Page 221
1 WATERHOUSE - 10-19-21 2 balance sheet on page 3? Okay. Stop right 3 there. 4 Q. Do you see under the liabilities 5 section, the last item is note payable to 6 affiliate? 7 A. Yes. 8 Q. And is that the note that we just 9 looked at? 10 MS. DANDENEAU: Objection to form. 11 Q. Withdrawn. 12 Is that the approximately	1 WATERHOUSE - 10-19-21 2 form. 3 A. Approximately. 4 Q. And does that refresh your 5 recollection that between the time the note was 6 executed and the end of 2019, that NexPoint had 7 paid down approximately \$7 million? 8 A. Yes. If we are just doing the math, 9 yes. 10 Q. Okay. Did NexPoint complete its 11 audit from 2020? 12 A. Sorry, you kind of broke up. Do	Page 221
1 WATERHOUSE - 10-19-21 2 balance sheet on page 3? Okay. Stop right 3 there. 4 Q. Do you see under the liabilities 5 section, the last item is note payable to 6 affiliate? 7 A. Yes. 8 Q. And is that the note that we just 9 looked at? 10 MS. DANDENEAU: Objection to form. 11 Q. Withdrawn. 12 Is that the approximately 13 \$30 million note that we just looked at that	1 WATERHOUSE - 10-19-21 2 form. 3 A. Approximately. 4 Q. And does that refresh your 5 recollection that between the time the note was 6 executed and the end of 2019, that NexPoint had 7 paid down approximately \$7 million? 8 A. Yes. If we are just doing the math, 9 yes. 10 Q. Okay. Did NexPoint complete its 11 audit from 2020? 12 A. Sorry, you kind of broke up. Do 13 NexPoint complete?	Page 221
1 WATERHOUSE - 10-19-21 2 balance sheet on page 3? Okay. Stop right 3 there. 4 Q. Do you see under the liabilities 5 section, the last item is note payable to 6 affiliate? 7 A. Yes. 8 Q. And is that the note that we just 9 looked at? 10 MS. DANDENEAU: Objection to form. 11 Q. Withdrawn. 12 Is that the approximately 13 \$30 million note that we just looked at that 14 was dated from 2017?	1 WATERHOUSE - 10-19-21 2 form. 3 A. Approximately. 4 Q. And does that refresh your 5 recollection that between the time the note was 6 executed and the end of 2019, that NexPoint had 7 paid down approximately \$7 million? 8 A. Yes. If we are just doing the math, 9 yes. 10 Q. Okay. Did NexPoint complete its 11 audit from 2020? 12 A. Sorry, you kind of broke up. Do 13 NexPoint complete? 14 Q. The audit of its financial	Page 221
1 WATERHOUSE - 10-19-21 2 balance sheet on page 3? Okay. Stop right 3 there. 4 Q. Do you see under the liabilities 5 section, the last item is note payable to 6 affiliate? 7 A. Yes. 8 Q. And is that the note that we just 9 looked at? 10 MS. DANDENEAU: Objection to form. 11 Q. Withdrawn. 12 Is that the approximately 13 \$30 million note that we just looked at that	form. A. Approximately. Q. And does that refresh your recollection that between the time the note was executed and the end of 2019, that NexPoint had paid down approximately \$7 million? A. Yes. If we are just doing the math, yes. Q. Okay. Did NexPoint complete its audit from 2020? A. Sorry, you kind of broke up. Do NexPoint complete? Q. The audit of its financial statements for the period ending December 31st,	Page 221
1 WATERHOUSE - 10-19-21 2 balance sheet on page 3? Okay. Stop right 3 there. 4 Q. Do you see under the liabilities 5 section, the last item is note payable to 6 affiliate? 7 A. Yes. 8 Q. And is that the note that we just 9 looked at? 10 MS. DANDENEAU: Objection to form. 11 Q. Withdrawn. 12 Is that the approximately 13 \$30 million note that we just looked at that 14 was dated from 2017? 15 MS. DANDENEAU: Objection to form. 16 A. I believe no.	form. A. Approximately. Q. And does that refresh your recollection that between the time the note was executed and the end of 2019, that NexPoint had paid down approximately \$7 million? A. Yes. If we are just doing the math, yes. Q. Okay. Did NexPoint complete its audit from 2020? A. Sorry, you kind of broke up. Do NexPoint complete? Q. The audit of its financial statements for the period ending December 31st, 2020?	Page 221
1 WATERHOUSE - 10-19-21 2 balance sheet on page 3? Okay. Stop right 3 there. 4 Q. Do you see under the liabilities 5 section, the last item is note payable to 6 affiliate? 7 A. Yes. 8 Q. And is that the note that we just 9 looked at? 10 MS. DANDENEAU: Objection to form. 11 Q. Withdrawn. 12 Is that the approximately 13 \$30 million note that we just looked at that 14 was dated from 2017? 15 MS. DANDENEAU: Objection to form. 16 A. I believe no. 17 Q. Okay. You're not aware of any other	form. A. Approximately. Q. And does that refresh your recollection that between the time the note was executed and the end of 2019, that NexPoint had paid down approximately \$7 million? A. Yes. If we are just doing the math, yes. Q. Okay. Did NexPoint complete its audit from 2020? A. Sorry, you kind of broke up. Do NexPoint complete? Q. The audit of its financial statements for the period ending December 31st, 2020? A. No.	Page 221
1 WATERHOUSE - 10-19-21 2 balance sheet on page 3? Okay. Stop right 3 there. 4 Q. Do you see under the liabilities 5 section, the last item is note payable to 6 affiliate? 7 A. Yes. 8 Q. And is that the note that we just 9 looked at? 10 MS. DANDENEAU: Objection to form. 11 Q. Withdrawn. 12 Is that the approximately 13 \$30 million note that we just looked at that 14 was dated from 2017? 15 MS. DANDENEAU: Objection to form. 16 A. I believe no.	form. A. Approximately. Q. And does that refresh your recollection that between the time the note was executed and the end of 2019, that NexPoint had paid down approximately \$7 million? A. Yes. If we are just doing the math, yes. Q. Okay. Did NexPoint complete its audit from 2020? A. Sorry, you kind of broke up. Do NexPoint complete? Q. The audit of its financial statements for the period ending December 31st, 2020?	Page 221
1 WATERHOUSE - 10-19-21 2 balance sheet on page 3? Okay. Stop right 3 there. 4 Q. Do you see under the liabilities 5 section, the last item is note payable to 6 affiliate? 7 A. Yes. 8 Q. And is that the note that we just 9 looked at? 10 MS. DANDENEAU: Objection to form. 11 Q. Withdrawn. 12 Is that the approximately 13 \$30 million note that we just looked at that 14 was dated from 2017? 15 MS. DANDENEAU: Objection to form. 16 A. I believe no. 17 Q. Okay. You're not aware of any other 18 note that was outstanding from NexPoint to 19 Highland as of the end of the year 2019, other	form. A. Approximately. Q. And does that refresh your recollection that between the time the note was executed and the end of 2019, that NexPoint had paid down approximately \$7 million? A. Yes. If we are just doing the math, yes. Q. Okay. Did NexPoint complete its audit from 2020? A. Sorry, you kind of broke up. Do NexPoint complete? Q. The audit of its financial statements for the period ending December 31st, 2020? A. No. No, it's not complete.	Page 221
1 WATERHOUSE - 10-19-21 2 balance sheet on page 3? Okay. Stop right 3 there. 4 Q. Do you see under the liabilities 5 section, the last item is note payable to 6 affiliate? 7 A. Yes. 8 Q. And is that the note that we just 9 looked at? 10 MS. DANDENEAU: Objection to form. 11 Q. Withdrawn. 12 Is that the approximately 13 \$30 million note that we just looked at that 14 was dated from 2017? 15 MS. DANDENEAU: Objection to form. 16 A. I believe no. 17 Q. Okay. You're not aware of any other 18 note that was outstanding from NexPoint to	form. A. Approximately. Q. And does that refresh your recollection that between the time the note was executed and the end of 2019, that NexPoint had paid down approximately \$7 million? A. Yes. If we are just doing the math, yes. Q. Okay. Did NexPoint complete its audit from 2020? A. Sorry, you kind of broke up. Do NexPoint complete? Q. The audit of its financial statements for the period ending December 31st, 2020? A. No. No, it's not complete?	Page 221
1 WATERHOUSE - 10-19-21 2 balance sheet on page 3? Okay. Stop right 3 there. 4 Q. Do you see under the liabilities 5 section, the last item is note payable to 6 affiliate? 7 A. Yes. 8 Q. And is that the note that we just 9 looked at? 10 MS. DANDENEAU: Objection to form. 11 Q. Withdrawn. 12 Is that the approximately 13 \$30 million note that we just looked at that 14 was dated from 2017? 15 MS. DANDENEAU: Objection to form. 16 A. I believe no. 17 Q. Okay. You're not aware of any other 18 note that was outstanding from NexPoint to 19 Highland as of the end of the year 2019, other 20 than that one \$30 million note; right? 21 A. I don't recall.	form. A. Approximately. Q. And does that refresh your recollection that between the time the note was executed and the end of 2019, that NexPoint had paid down approximately \$7 million? A. Yes. If we are just doing the math, yes. Q. Okay. Did NexPoint complete its audit from 2020? A. Sorry, you kind of broke up. Do NexPoint complete? Q. The audit of its financial statements for the period ending December 31st, 2020? A. No. No, it's not complete.	Page 221
1 WATERHOUSE - 10-19-21 2 balance sheet on page 3? Okay. Stop right 3 there. 4 Q. Do you see under the liabilities 5 section, the last item is note payable to 6 affiliate? 7 A. Yes. 8 Q. And is that the note that we just 9 looked at? 10 MS. DANDENEAU: Objection to form. 11 Q. Withdrawn. 12 Is that the approximately 13 \$30 million note that we just looked at that 14 was dated from 2017? 15 MS. DANDENEAU: Objection to form. 16 A. I believe no. 17 Q. Okay. You're not aware of any other 18 note that was outstanding from NexPoint to 19 Highland as of the end of the year 2019, other 20 than that one \$30 million note; right?	form. A. Approximately. Q. And does that refresh your recollection that between the time the note was executed and the end of 2019, that NexPoint had paid down approximately \$7 million? A. Yes. If we are just doing the math, yes. Q. Okay. Did NexPoint complete its audit from 2020? A. Sorry, you kind of broke up. Do NexPoint complete? Q. The audit of its financial statements for the period ending December 31st, 2020? A. No. No. No, it's not complete. Q. Did HCMFA complete its audit for the	Page 221
1 WATERHOUSE - 10-19-21 2 balance sheet on page 3? Okay. Stop right 3 there. 4 Q. Do you see under the liabilities 5 section, the last item is note payable to 6 affiliate? 7 A. Yes. 8 Q. And is that the note that we just 9 looked at? 10 MS. DANDENEAU: Objection to form. 11 Q. Withdrawn. 12 Is that the approximately 13 \$30 million note that we just looked at that 14 was dated from 2017? 15 MS. DANDENEAU: Objection to form. 16 A. I believe no. 17 Q. Okay. You're not aware of any other 18 note that was outstanding from NexPoint to 19 Highland as of the end of the year 2019, other 20 than that one \$30 million note; right? 21 A. I don't recall.	form. A. Approximately. Q. And does that refresh your recollection that between the time the note was executed and the end of 2019, that NexPoint had paid down approximately \$7 million? A. Yes. If we are just doing the math, yes. Q. Okay. Did NexPoint complete its audit from 2020? A. Sorry, you kind of broke up. Do NexPoint complete? Q. The audit of its financial statements for the period ending December 31st, 2020? A. No. No, it's not complete. Q. Did HCMFA complete its audit for the year ending December 31st, 2020?	Page 221
1 WATERHOUSE - 10-19-21 2 balance sheet on page 3? Okay. Stop right 3 there. 4 Q. Do you see under the liabilities 5 section, the last item is note payable to 6 affiliate? 7 A. Yes. 8 Q. And is that the note that we just 9 looked at? 10 MS. DANDENEAU: Objection to form. 11 Q. Withdrawn. 12 Is that the approximately 13 \$30 million note that we just looked at that 14 was dated from 2017? 15 MS. DANDENEAU: Objection to form. 16 A. I believe no. 17 Q. Okay. You're not aware of any other 18 note that was outstanding from NexPoint to 19 Highland as of the end of the year 2019, other 20 than that one \$30 million note; right? 21 A. I don't recall. 22 Q. And as of the end of 2019, the 23 principal amount that was due on the note was 24 approximately \$23 million; right?	form. A. Approximately. Q. And does that refresh your recollection that between the time the note was executed and the end of 2019, that NexPoint had paid down approximately \$7 million? A. Yes. If we are just doing the math, yes. Q. Okay. Did NexPoint complete its audit from 2020? A. Sorry, you kind of broke up. Do NexPoint complete? Q. The audit of its financial statements for the period ending December 31st, 2020? A. No. No, it's not complete. Q. Did HCMFA complete its audit for the year ending December 31st, 2020? A. No.	Page 221
1 WATERHOUSE - 10-19-21 2 balance sheet on page 3? Okay. Stop right 3 there. 4 Q. Do you see under the liabilities 5 section, the last item is note payable to 6 affiliate? 7 A. Yes. 8 Q. And is that the note that we just 9 looked at? 10 MS. DANDENEAU: Objection to form. 11 Q. Withdrawn. 12 Is that the approximately 13 \$30 million note that we just looked at that 14 was dated from 2017? 15 MS. DANDENEAU: Objection to form. 16 A. I believe no. 17 Q. Okay. You're not aware of any other 18 note that was outstanding from NexPoint to 19 Highland as of the end of the year 2019, other 20 than that one \$30 million note; right? 21 A. I don't recall. 22 Q. And as of the end of 2019, the 23 principal amount that was due on the note was	form. A. Approximately. Q. And does that refresh your recollection that between the time the note was executed and the end of 2019, that NexPoint had paid down approximately \$7 million? A. Yes. If we are just doing the math, yes. Q. Okay. Did NexPoint complete its audit from 2020? A. Sorry, you kind of broke up. Do NexPoint complete? Q. The audit of its financial statements for the period ending December 31st, 2020? A. No. Q. No, it's not complete. Q. Did HCMFA complete its audit for the year ending December 31st, 2020? A. No. MR. MORRIS: Can we go to page 15,	Page 221

Г	Page 222			Page 223
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	
2	included under notes payable to Highland a	2	perfectly together.	
3	reference to the amounts that were outstanding	3	Q. Okay. But you're not aware of any	
4	as of the year-end 2019 under the note that we	4	note that was outstanding at the end of 2019	
5	looked at just a moment ago?	5	from NexPoint to Highland other than whatever	
6	A. Yes. Are you talking about the	6	principal was still due and owing under the	
7	second paragraph?	7	\$30 million note issued in 2017; correct?	
8	Q. I'm actually talking about first	8	A. Well, it – I don't – there is	
9	paragraph. Do you understand that the first	9	reference in the second paragraph. I don't -	
10	paragraph is a reference to the 2017 note, and	10	I don't - I don't recall what that is	
11	the amounts that were - the principal amount	11	referring to, so I don't – I don't know.	
12	that was outstanding as of the end of 2019?	12	Q. Well, if you listen carefully to my	
13	MS. DANDENEAU: Objection to form.	13	question, right, I'm asking about notes that	
14	John, do you mean the first paragraph of	14	were outstanding at the end of 2019, and if we	
15	that page?	15	look at the paragraph you just referred to, it	
16	MR. MORRIS: No, the first paragraph	16	says that during the year there were new notes	
17	under notes payable to Highland.	17	issued totaling \$1.5 million, but by the end of	
18	A. Yeah, I see the paragraph, and	18	the year, no principal or interest was	
19	again, this is what I answered earlier. I	19	outstanding on the notes.	
20	believe so, just because I don't – again, this	20	Do you see that?	
21	is a number in a balance sheet, and without	21	A. Oh, I do, yes.	
22	matching it up and seeing the detail with the	22	Q. So does that refresh your	
23	schedule like I kind of talked about for	23	recollection that there were no notes	
24	Highland's financial statements, it is a little	24	outstanding from NexPoint to Highland other	
25	bit more difficult to tie everything in	25	than the principal remaining under the original	
<u> </u>	Page 224			D 005
1	Faut 224			
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 225
1 2		1 2	WATERHOUSE - 10-19-21 the record at 3:39 p.m.	Page 225
2 3	WATERHOUSE - 10-19-21			Page 225
1 2 3 4	WATERHOUSE - 10-19-21 \$30 million 2017 note that we looked at a	2	the record at 3:39 p.m.	Page 225
Ι.	WATERHOUSE - 10-19-21 \$30 million 2017 note that we looked at a moment ago? A. Well, we're at the bottom of the	3	the record at 3:39 p.m. Q. All right. Mr. Waterhouse, we – I	Page 225
4	WATERHOUSE - 10-19-21 \$30 million 2017 note that we looked at a moment ago? A. Well, we're at the bottom of the page. Is there anything on page 16?	2 3 4	the record at 3:39 p.m. Q. All right. Mr. Waterhouse, we – I don't think we have a lot more here.	Page 225
4 5	WATERHOUSE - 10-19-21 \$30 million 2017 note that we looked at a moment ago? A. Well, we're at the bottom of the	2 3 4 5	the record at 3:39 p.m. Q. All right. Mr. Waterhouse, we – I don't think we have a lot more here. To the best of your knowledge and	Page 225
4 5 6	WATERHOUSE - 10-19-21 \$30 million 2017 note that we looked at a moment ago? A. Well, we're at the bottom of the page. Is there anything on page 16? Q. That is a fair question, sure. That is it.	2 3 4 5	the record at 3:39 p.m. Q. All right. Mr. Waterhouse, we – I don't think we have a lot more here. To the best of your knowledge and recollection, were all affiliate loans and all	Page 225
4 5 6 7	WATERHOUSE - 10-19-21 \$30 million 2017 note that we looked at a moment ago? A. Well, we're at the bottom of the page. Is there anything on page 16? Q. That is a fair question, sure. That is it. A. Okay. So it appears that that is	2 3 4 5 6 7	the record at 3:39 p.m. Q. All right. Mr. Waterhouse, we – I don't think we have a lot more here. To the best of your knowledge and recollection, were all affiliate loans and all loans made to Mr. Dondero recorded on Highland's books and records as assets of	Page 225
4 5 6 7 8	WATERHOUSE - 10-19-21 \$30 million 2017 note that we looked at a moment ago? A. Well, we're at the bottom of the page. Is there anything on page 16? Q. That is a fair question, sure. That is it.	2 3 4 5 6 7 8	the record at 3:39 p.m. Q. All right. Mr. Waterhouse, we – I don't think we have a lot more here. To the best of your knowledge and recollection, were all affiliate loans and all loans made to Mr. Dondero recorded on Highland's books and records as assets of Highland?	Page 225
4 5 6 7 8 9	WATERHOUSE - 10-19-21 \$30 million 2017 note that we looked at a moment ago? A. Well, we're at the bottom of the page. Is there anything on page 16? Q. That is a fair question, sure. That is it. A. Okay. So it appears that that is the only note that is detailed in the notes in the financial statement.	2 3 4 5 6 7 8 9	the record at 3:39 p.m. Q. All right. Mr. Waterhouse, we – I don't think we have a lot more here. To the best of your knowledge and recollection, were all affiliate loans and all loans made to Mr. Dondero recorded on Highland's books and records as assets of	Page 225
4 5 6 7 8 9 10	WATERHOUSE - 10-19-21 \$30 million 2017 note that we looked at a moment ago? A. Well, we're at the bottom of the page. Is there anything on page 16? Q. That is a fair question, sure. That is it. A. Okay. So it appears that that is the only note that is detailed in the notes in the financial statement. Q. And you don't have any memory of any	2 3 4 5 6 7 8 9 10	the record at 3:39 p.m. Q. All right. Mr. Waterhouse, we – I don't think we have a lot more here. To the best of your knowledge and recollection, were all affiliate loans and all loans made to Mr. Dondero recorded on Highland's books and records as assets of Highland? MS. DANDENEAU: Object to the form, asked and answered.	Page 225
4 5 6 7 8 9 10 11	WATERHOUSE - 10-19-21 \$30 million 2017 note that we looked at a moment ago? A. Well, we're at the bottom of the page. Is there anything on page 16? Q. That is a fair question, sure. That is it. A. Okay. So it appears that that is the only note that is detailed in the notes in the financial statement. Q. And you don't have any memory of any other note other than the 2017 note, right,	2 3 4 5 6 7 8 9 10	the record at 3:39 p.m. Q. All right. Mr. Waterhouse, we – I don't think we have a lot more here. To the best of your knowledge and recollection, were all affiliate loans and all loans made to Mr. Dondero recorded on Highland's books and records as assets of Highland? MS. DANDENEAU: Object to the form, asked and answered. A. To my knowledge, yes.	Page 225
4 5 6 7 8 9 10 11 12	WATERHOUSE - 10-19-21 \$30 million 2017 note that we looked at a moment ago? A. Well, we're at the bottom of the page. Is there anything on page 16? Q. That is a fair question, sure. That is it. A. Okay. So it appears that that is the only note that is detailed in the notes in the financial statement. Q. And you don't have any memory of any other note other than the 2017 note, right, being outstanding as of the end of the year?	2 3 4 5 6 7 8 9 10 11 12	the record at 3:39 p.m. Q. All right. Mr. Waterhouse, we – I don't think we have a lot more here. To the best of your knowledge and recollection, were all affiliate loans and all loans made to Mr. Dondero recorded on Highland's books and records as assets of Highland? MS. DANDENEAU: Object to the form, asked and answered. A. To my knowledge, yes. Q. Okay. Can you recall any loan to	Page 225
4 5 6 7 8 9 10 11 12 13	WATERHOUSE - 10-19-21 \$30 million 2017 note that we looked at a moment ago? A. Well, we're at the bottom of the page. Is there anything on page 16? Q. That is a fair question, sure. That is it. A. Okay. So it appears that that is the only note that is detailed in the notes in the financial statement. Q. And you don't have any memory of any other note other than the 2017 note, right, being outstanding as of the end of the year? A. I deal with thousands of	2 3 4 5 6 7 8 9 10 11 12 13 14	the record at 3:39 p.m. Q. All right. Mr. Waterhouse, we – I don't think we have a lot more here. To the best of your knowledge and recollection, were all affiliate loans and all loans made to Mr. Dondero recorded on Highland's books and records as assets of Highland? MS. DANDENEAU: Object to the form, asked and answered. A. To my knowledge, yes. Q. Okay. Can you recall any loan to any affiliate or Mr. Dondero that was not	rage 225
4 5 6 7 8 9 10 11 12 13 14	WATERHOUSE - 10-19-21 \$30 million 2017 note that we looked at a moment ago? A. Well, we're at the bottom of the page. Is there anything on page 16? Q. That is a fair question, sure. That is it. A. Okay. So it appears that that is the only note that is detailed in the notes in the financial statement. Q. And you don't have any memory of any other note other than the 2017 note, right, being outstanding as of the end of the year? A. I deal with thousands of transactions every year. I don't really have a	2 3 4 5 6 7 8 9 10 11 12 13 14 15	the record at 3:39 p.m. Q. All right. Mr. Waterhouse, we – I don't think we have a lot more here. To the best of your knowledge and recollection, were all affiliate loans and all loans made to Mr. Dondero recorded on Highland's books and records as assets of Highland? MS. DANDENEAU: Object to the form, asked and answered. A. To my knowledge, yes. Q. Okay. Can you recall any loan to	Page 225
4 5 6 7 8 9 10 11 12 13 14 15	WATERHOUSE - 10-19-21 \$30 million 2017 note that we looked at a moment ago? A. Well, we're at the bottom of the page. Is there anything on page 16? Q. That is a fair question, sure. That is it. A. Okay. So it appears that that is the only note that is detailed in the notes in the financial statement. Q. And you don't have any memory of any other note other than the 2017 note, right, being outstanding as of the end of the year? A. I deal with thousands of transactions every year. I don't really have a very specific memory for what exactly was	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	the record at 3:39 p.m. Q. All right. Mr. Waterhouse, we – I don't think we have a lot more here. To the best of your knowledge and recollection, were all affiliate loans and all loans made to Mr. Dondero recorded on Highland's books and records as assets of Highland? MS. DANDENEAU: Object to the form, asked and answered. A. To my knowledge, yes. Q. Okay. Can you recall any loan to any affiliate or Mr. Dondero that was not recorded on Highland's books and records as an asset?	Page 225
4 5 6 7 8 9 10 11 12 13 14 15 16 17	WATERHOUSE - 10-19-21 \$30 million 2017 note that we looked at a moment ago? A. Well, we're at the bottom of the page. Is there anything on page 16? Q. That is a fair question, sure. That is it. A. Okay. So it appears that that is the only note that is detailed in the notes in the financial statement. Q. And you don't have any memory of any other note other than the 2017 note, right, being outstanding as of the end of the year? A. I deal with thousands of transactions every year. I don't really have a very specific memory for what exactly was outstanding.	2 3 4 5 6 7 8 9 10 11 12 13 14 15	the record at 3:39 p.m. Q. All right. Mr. Waterhouse, we – I don't think we have a lot more here. To the best of your knowledge and recollection, were all affiliate loans and all loans made to Mr. Dondero recorded on Highland's books and records as assets of Highland? MS. DANDENEAU: Object to the form, asked and answered. A. To my knowledge, yes. Q. Okay. Can you recall any loan to any affiliate or Mr. Dondero that was not recorded on Highland's books and records as an asset? A. Like during my time as CFO? I don't	rage 225
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	WATERHOUSE - 10-19-21 \$30 million 2017 note that we looked at a moment ago? A. Well, we're at the bottom of the page. Is there anything on page 16? Q. That is a fair question, sure. That is it. A. Okay. So it appears that that is the only note that is detailed in the notes in the financial statement. Q. And you don't have any memory of any other note other than the 2017 note, right, being outstanding as of the end of the year? A. I deal with thousands of transactions every year. I don't really have a very specific memory for what exactly was outstanding. MR. MORRIS: Why don't we take a	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	the record at 3:39 p.m. Q. All right. Mr. Waterhouse, we – I don't think we have a lot more here. To the best of your knowledge and recollection, were all affiliate loans and all loans made to Mr. Dondero recorded on Highland's books and records as assets of Highland? MS. DANDENEAU: Object to the form, asked and answered. A. To my knowledge, yes. Q. Okay. Can you recall any loan to any affiliate or Mr. Dondero that was not recorded on Highland's books and records as an asset? A. Like during my time as CFO? I don't recall.	Page 225
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	WATERHOUSE - 10-19-21 \$30 million 2017 note that we looked at a moment ago? A. Well, we're at the bottom of the page. Is there anything on page 16? Q. That is a fair question, sure. That is it. A. Okay. So it appears that that is the only note that is detailed in the notes in the financial statement. Q. And you don't have any memory of any other note other than the 2017 note, right, being outstanding as of the end of the year? A. I deal with thousands of transactions every year. I don't really have a very specific memory for what exactly was outstanding. MR. MORRIS: Why don't we take a break now. We've been going for a little	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	the record at 3:39 p.m. Q. All right. Mr. Waterhouse, we – I don't think we have a lot more here. To the best of your knowledge and recollection, were all affiliate loans and all loans made to Mr. Dondero recorded on Highland's books and records as assets of Highland? MS. DANDENEAU: Object to the form, asked and answered. A. To my knowledge, yes. Q. Okay. Can you recall any loan to any affiliate or Mr. Dondero that was not recorded on Highland's books and records as an asset? A. Like during my time as CFO? I don't recall. Q. How about after the time that you	Page 225
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	WATERHOUSE - 10-19-21 \$30 million 2017 note that we looked at a moment ago? A. Well, we're at the bottom of the page. Is there anything on page 16? Q. That is a fair question, sure. That is it. A. Okay. So it appears that that is the only note that is detailed in the notes in the financial statement. Q. And you don't have any memory of any other note other than the 2017 note, right, being outstanding as of the end of the year? A. I deal with thousands of transactions every year. I don't really have a very specific memory for what exactly was outstanding. MR. MORRIS: Why don't we take a break now. We've been going for a little while. It's 3:26. Let's come back at	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	the record at 3:39 p.m. Q. All right. Mr. Waterhouse, we – I don't think we have a lot more here. To the best of your knowledge and recollection, were all affiliate loans and all loans made to Mr. Dondero recorded on Highland's books and records as assets of Highland? MS. DANDENEAU: Object to the form, asked and answered. A. To my knowledge, yes. Q. Okay. Can you recall any loan to any affiliate or Mr. Dondero that was not recorded on Highland's books and records as an asset? A. Like during my time as CFO? I don't recall. Q. How about after the time that you were CFO? Did you recall that there was a loan	Page 225
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	WATERHOUSE - 10-19-21 \$30 million 2017 note that we looked at a moment ago? A. Well, we're at the bottom of the page. Is there anything on page 16? Q. That is a fair question, sure. That is it. A. Okay. So it appears that that is the only note that is detailed in the notes in the financial statement. Q. And you don't have any memory of any other note other than the 2017 note, right, being outstanding as of the end of the year? A. I deal with thousands of transactions every year. I don't really have a very specific memory for what exactly was outstanding. MR. MORRIS: Why don't we take a break now. We've been going for a little while. It's 3:26. Let's come back at 3:40.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	the record at 3:39 p.m. Q. All right. Mr. Waterhouse, we — I don't think we have a lot more here. To the best of your knowledge and recollection, were all affiliate loans and all loans made to Mr. Dondero recorded on Highland's books and records as assets of Highland? MS. DANDENEAU: Object to the form, asked and answered. A. To my knowledge, yes. Q. Okay. Can you recall any loan to any affiliate or Mr. Dondero that was not recorded on Highland's books and records as an asset? A. Like during my time as CFO? I don't recall. Q. How about after the time that you were CFO? Did you recall that there was a loan by Highland to an affiliate or to Mr. Dondero	rage 225
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	WATERHOUSE - 10-19-21 \$30 million 2017 note that we looked at a moment ago? A. Well, we're at the bottom of the page. Is there anything on page 16? Q. That is a fair question, sure. That is it. A. Okay. So it appears that that is the only note that is detailed in the notes in the financial statement. Q. And you don't have any memory of any other note other than the 2017 note, right, being outstanding as of the end of the year? A. I deal with thousands of transactions every year. I don't really have a very specific memory for what exactly was outstanding. MR. MORRIS: Why don't we take a break now. We've been going for a little while. It's 3:26. Let's come back at 3:40. VIDEOGRAPHER: We're going off the	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	the record at 3:39 p.m. Q. All right. Mr. Waterhouse, we – I don't think we have a lot more here. To the best of your knowledge and recollection, were all affiliate loans and all loans made to Mr. Dondero recorded on Highland's books and records as assets of Highland? MS. DANDENEAU: Object to the form, asked and answered. A. To my knowledge, yes. Q. Okay. Can you recall any loan to any affiliate or Mr. Dondero that was not recorded on Highland's books and records as an asset? A. Like during my time as CFO? I don't recall. Q. How about after the time that you were CFO? Did you recall that there was a loan by Highland to an affiliate or to Mr. Dondero that hadn't been previously recorded on	Page 225
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	WATERHOUSE - 10-19-21 \$30 million 2017 note that we looked at a moment ago? A. Well, we're at the bottom of the page. Is there anything on page 16? Q. That is a fair question, sure. That is it. A. Okay. So it appears that that is the only note that is detailed in the notes in the financial statement. Q. And you don't have any memory of any other note other than the 2017 note, right, being outstanding as of the end of the year? A. I deal with thousands of transactions every year. I don't really have a very specific memory for what exactly was outstanding. MR. MORRIS: Why don't we take a break now. We've been going for a little while. It's 3:26. Let's come back at 3:40. VIDEOGRAPHER: We're going off the record at 3:26 p.m.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	the record at 3:39 p.m. Q. All right. Mr. Waterhouse, we – I don't think we have a lot more here. To the best of your knowledge and recollection, were all affiliate loans and all loans made to Mr. Dondero recorded on Highland's books and records as assets of Highland? MS. DANDENEAU: Object to the form, asked and answered. A. To my knowledge, yes. Q. Okay. Can you recall any loan to any affiliate or Mr. Dondero that was not recorded on Highland's books and records as an asset? A. Like during my time as CFO? I don't recall. Q. How about after the time that you were CFO? Did you recall that there was a loan by Highland to an affiliate or to Mr. Dondero that hadn't been previously recorded on Highland's books as an asset?	Page 225
4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	WATERHOUSE - 10-19-21 \$30 million 2017 note that we looked at a moment ago? A. Well, we're at the bottom of the page. Is there anything on page 16? Q. That is a fair question, sure. That is it. A. Okay. So it appears that that is the only note that is detailed in the notes in the financial statement. Q. And you don't have any memory of any other note other than the 2017 note, right, being outstanding as of the end of the year? A. I deal with thousands of transactions every year. I don't really have a very specific memory for what exactly was outstanding. MR. MORRIS: Why don't we take a break now. We've been going for a little while. It's 3:26. Let's come back at 3:40. VIDEOGRAPHER: We're going off the	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	the record at 3:39 p.m. Q. All right. Mr. Waterhouse, we – I don't think we have a lot more here. To the best of your knowledge and recollection, were all affiliate loans and all loans made to Mr. Dondero recorded on Highland's books and records as assets of Highland? MS. DANDENEAU: Object to the form, asked and answered. A. To my knowledge, yes. Q. Okay. Can you recall any loan to any affiliate or Mr. Dondero that was not recorded on Highland's books and records as an asset? A. Like during my time as CFO? I don't recall. Q. How about after the time that you were CFO? Did you recall that there was a loan by Highland to an affiliate or to Mr. Dondero that hadn't been previously recorded on	Page 225

Page 226	Page 227 1 WATERHOUSE - 10-19-21
2 question. I left Highland as of – I'm not	2 is called operating results?
3 aware of – I left Highland in February –	3 A. Yeah, that's the title of it.
4 probably the last day of February of 2021.	4 Q. Okay. And was a report of operating
5 Q. Okay.	5 results prepared by Highland on a monthly basis
6 A. I'm not – I'm not aware of any –	6 during the time that you served as CFO?
7 I'm not aware of anything past that date.	7 A. No.
8 Q. Okay. While you were the CFO at	8 Q. Are you familiar with a document of
9 Highland, did Highland prepare in the ordinary	9 this type? And we can certainly look at the
10 course of business a document that reported	10 next page or two to refresh your recollection.
11 operating results on a monthly basis?	11 A. I'm just looking at the title. I
12 A. Yes.	12 don't really – again, as I discussed before, I
13 Q. And are you generally familiar with	13 don't have any records or documents or emails
14 the monthly operating reports?	14 or appointments or anything that I was able to
15 A. Yeah. You are referring to the	15 use prior to – prior to this deposition, so
16 reports that we filed to the Court every month?	16 I'm doing the best I can.
17 Q. I apologize, I'm not. I'm taking	17 Q. Okay. You don't need to apologize.
18 you back to the pre-petition period. There was	18 I'm just asking you if you are familiar with
19 a report that I have seen that I'm going to	19 the document called Operating Results that was
20 show you, but I'm just asking for your	20 prepared on a monthly basis at Highland?
21 knowledge.	21 MS. DEITSCH-PEREZ: Object to the
22 MR. MORRIS: Let's put it up on the	22 form.
23 screen, Exhibit 39.	23 Q. If you're not, you're not.
24 (Exhibit 39 marked.)	24 A. I don't believe this was prepared on
25 Q. Do you see this is a document that	25 a monthly basis.
1	
D 000	D 000
Page 228	Page 229 1 WATERHOUSE - 10-19-21
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
1 WATERHOUSE - 10-19-21 2 Q. Okay. Do you see that this one	1 WATERHOUSE - 10-19-212 report that Highland prepared that identified
1 WATERHOUSE - 10-19-21	 1 WATERHOUSE - 10-19-21 2 report that Highland prepared that identified 3 significant items impacting the balance sheet?
1 WATERHOUSE - 10-19-21 2 Q. Okay. Do you see that this one 3 is – is dated February 2018? 4 A. Yes.	 WATERHOUSE - 10-19-21 report that Highland prepared that identified significant items impacting the balance sheet? A. A report that was prepared.
1 WATERHOUSE - 10-19-21 2 Q. Okay. Do you see that this one 3 is – is dated February 2018? 4 A. Yes.	 WATERHOUSE - 10-19-21 report that Highland prepared that identified significant items impacting the balance sheet? A. A report that was prepared.
1 WATERHOUSE - 10-19-21 2 Q. Okay. Do you see that this one 3 is – is dated February 2018? 4 A. Yes. 5 Q. Do you have – do you believe – 6 have you ever seen a document that was	 WATERHOUSE - 10-19-21 report that Highland prepared that identified significant items impacting the balance sheet? A. A report that was prepared. Q. Let me ask a better question: Did Highland prepare reports to the best of your
1 WATERHOUSE - 10-19-21 2 Q. Okay. Do you see that this one 3 is – is dated February 2018? 4 A. Yes. 5 Q. Do you have – do you believe –	 WATERHOUSE - 10-19-21 report that Highland prepared that identified significant items impacting the balance sheet? A. A report that was prepared. Q. Let me ask a better question: Did
1 WATERHOUSE - 10-19-21 2 Q. Okay. Do you see that this one 3 is – is dated February 2018? 4 A. Yes. 5 Q. Do you have – do you believe – 6 have you ever seen a document that was 7 purporting to report operating results for	 1 WATERHOUSE - 10-19-21 2 report that Highland prepared that identified 3 significant items impacting the balance sheet? 4 A. A report that was prepared. 5 Q. Let me ask a better question: Did 6 Highland prepare reports to the best of your 7 recollection that identified significant items
1 WATERHOUSE - 10-19-21 2 Q. Okay. Do you see that this one 3 is – is dated February 2018? 4 A. Yes. 5 Q. Do you have – do you believe – 6 have you ever seen a document that was 7 purporting to report operating results for 8 Highland?	 1 WATERHOUSE - 10-19-21 2 report that Highland prepared that identified 3 significant items impacting the balance sheet? 4 A. A report that was prepared. 5 Q. Let me ask a better question: Did 6 Highland prepare reports to the best of your 7 recollection that identified significant items 8 that impacted its balance sheet?
1 WATERHOUSE - 10-19-21 2 Q. Okay. Do you see that this one 3 is – is dated February 2018? 4 A. Yes. 5 Q. Do you have – do you believe – 6 have you ever seen a document that was 7 purporting to report operating results for 8 Highland? 9 MS. DANDENEAU: Objection to form.	 1 WATERHOUSE - 10-19-21 2 report that Highland prepared that identified 3 significant items impacting the balance sheet? 4 A. A report that was prepared. 5 Q. Let me ask a better question: Did 6 Highland prepare reports to the best of your 7 recollection that identified significant items 8 that impacted its balance sheet? 9 A. Well, so Highland prepared a – a
1 WATERHOUSE - 10-19-21 2 Q. Okay. Do you see that this one 3 is – is dated February 2018? 4 A. Yes. 5 Q. Do you have – do you believe – 6 have you ever seen a document that was 7 purporting to report operating results for 8 Highland? 9 MS. DANDENEAU: Objection to form. 10 A. Yes.	 1 WATERHOUSE - 10-19-21 2 report that Highland prepared that identified 3 significant items impacting the balance sheet? 4 A. A report that was prepared. 5 Q. Let me ask a better question: Did 6 Highland prepare reports to the best of your 7 recollection that identified significant items 8 that impacted its balance sheet? 9 A. Well, so Highland prepared a – a 10 monthly close package. And maybe I'm
1 WATERHOUSE - 10-19-21 2 Q. Okay. Do you see that this one 3 is – is dated February 2018? 4 A. Yes. 5 Q. Do you have – do you believe – 6 have you ever seen a document that was 7 purporting to report operating results for 8 Highland? 9 MS. DANDENEAU: Objection to form. 10 A. Yes. 11 Q. Okay. And when you say that you	 1 WATERHOUSE - 10-19-21 2 report that Highland prepared that identified 3 significant items impacting the balance sheet? 4 A. A report that was prepared. 5 Q. Let me ask a better question: Did 6 Highland prepare reports to the best of your 7 recollection that identified significant items 8 that impacted its balance sheet? 9 A. Well, so Highland prepared a – a 10 monthly close package. And maybe I'm 11 getting – and – and maybe change names at one
1 WATERHOUSE - 10-19-21 2 Q. Okay. Do you see that this one 3 is – is dated February 2018? 4 A. Yes. 5 Q. Do you have – do you believe – 6 have you ever seen a document that was 7 purporting to report operating results for 8 Highland? 9 MS. DANDENEAU: Objection to form. 10 A. Yes. 11 Q. Okay. And when you say that you 12 don't believe it was produced on a monthly	 1 WATERHOUSE - 10-19-21 2 report that Highland prepared that identified 3 significant items impacting the balance sheet? 4 A. A report that was prepared. 5 Q. Let me ask a better question: Did 6 Highland prepare reports to the best of your 7 recollection that identified significant items 8 that impacted its balance sheet? 9 A. Well, so Highland prepared a – a 10 monthly close package. And maybe I'm 11 getting – and – and maybe change names at one 12 time or maybe I'm just – again, just
1 WATERHOUSE - 10-19-21 2 Q. Okay. Do you see that this one 3 is – is dated February 2018? 4 A. Yes. 5 Q. Do you have – do you believe – 6 have you ever seen a document that was 7 purporting to report operating results for 8 Highland? 9 MS. DANDENEAU: Objection to form. 10 A. Yes. 11 Q. Okay. And when you say that you 12 don't believe it was produced on a monthly 13 basis, was it produced on any periodic bases to	1 WATERHOUSE - 10-19-21 2 report that Highland prepared that identified 3 significant items impacting the balance sheet? 4 A. A report that was prepared. 5 Q. Let me ask a better question: Did 6 Highland prepare reports to the best of your 7 recollection that identified significant items 8 that impacted its balance sheet? 9 A. Well, so Highland prepared a – a 10 monthly close package. And maybe I'm 11 getting – and – and maybe change names at one 12 time or maybe I'm just – again, just 13 misremembering – but in that, yes, there is a
1 WATERHOUSE - 10-19-21 2 Q. Okay. Do you see that this one 3 is – is dated February 2018? 4 A. Yes. 5 Q. Do you have – do you believe – 6 have you ever seen a document that was 7 purporting to report operating results for 8 Highland? 9 MS. DANDENEAU: Objection to form. 10 A. Yes. 11 Q. Okay. And when you say that you 12 don't believe it was produced on a monthly 13 basis, was it produced on any periodic bases to 14 the best of your recollection?	1 WATERHOUSE - 10-19-21 2 report that Highland prepared that identified 3 significant items impacting the balance sheet? 4 A. A report that was prepared. 5 Q. Let me ask a better question: Did 6 Highland prepare reports to the best of your 7 recollection that identified significant items 8 that impacted its balance sheet? 9 A. Well, so Highland prepared a – a 10 monthly close package. And maybe I'm 11 getting – and – and maybe change names at one 12 time or maybe I'm just – again, just 13 misremembering – but in that, yes, there is a 14 page that would detail just changes in – you
1 WATERHOUSE - 10-19-21 2 Q. Okay. Do you see that this one 3 is – is dated February 2018? 4 A. Yes. 5 Q. Do you have – do you believe – 6 have you ever seen a document that was 7 purporting to report operating results for 8 Highland? 9 MS. DANDENEAU: Objection to form. 10 A. Yes. 11 Q. Okay. And when you say that you 12 don't believe it was produced on a monthly 13 basis, was it produced on any periodic bases to 14 the best of your recollection? 15 A. I believe it was – it was prepared	 1 WATERHOUSE - 10-19-21 2 report that Highland prepared that identified 3 significant items impacting the balance sheet? 4 A. A report that was prepared. 5 Q. Let me ask a better question: Did 6 Highland prepare reports to the best of your 7 recollection that identified significant items 8 that impacted its balance sheet? 9 A. Well, so Highland prepared a – a 10 monthly close package. And maybe I'm 11 getting – and – and maybe change names at one 12 time or maybe I'm just – again, just 13 misremembering – but in that, yes, there is a 14 page that would detail just changes in – you 15 know, just changes month over month on the
1 WATERHOUSE - 10-19-21 2 Q. Okay. Do you see that this one 3 is – is dated February 2018? 4 A. Yes. 5 Q. Do you have – do you believe – 6 have you ever seen a document that was 7 purporting to report operating results for 8 Highland? 9 MS. DANDENEAU: Objection to form. 10 A. Yes. 11 Q. Okay. And when you say that you 12 don't believe it was produced on a monthly 13 basis, was it produced on any periodic bases to 14 the best of your recollection? 15 A. I believe it was – it was prepared 16 on an annual basis.	1 WATERHOUSE - 10-19-21 2 report that Highland prepared that identified 3 significant items impacting the balance sheet? 4 A. A report that was prepared. 5 Q. Let me ask a better question: Did 6 Highland prepare reports to the best of your 7 recollection that identified significant items 8 that impacted its balance sheet? 9 A. Well, so Highland prepared a – a 10 monthly close package. And maybe I'm 11 getting – and – and maybe change names at one 12 time or maybe I'm just – again, just 13 misremembering – but in that, yes, there is a 14 page that would detail just changes in – you 15 know, just changes month over month on the 16 balance sheet.
1 WATERHOUSE - 10-19-21 2 Q. Okay. Do you see that this one 3 is – is dated February 2018? 4 A. Yes. 5 Q. Do you have – do you believe – 6 have you ever seen a document that was 7 purporting to report operating results for 8 Highland? 9 MS. DANDENEAU: Objection to form. 10 A. Yes. 11 Q. Okay. And when you say that you 12 don't believe it was produced on a monthly 13 basis, was it produced on any periodic bases to 14 the best of your recollection? 15 A. I believe it was – it was prepared 16 on an annual basis. 17 Q. Okay.	1 WATERHOUSE - 10-19-21 2 report that Highland prepared that identified 3 significant items impacting the balance sheet? 4 A. A report that was prepared. 5 Q. Let me ask a better question: Did 6 Highland prepare reports to the best of your 7 recollection that identified significant items 8 that impacted its balance sheet? 9 A. Well, so Highland prepared a – a 10 monthly close package. And maybe I'm 11 getting – and – and maybe change names at one 12 time or maybe I'm just – again, just 13 misremembering – but in that, yes, there is a 14 page that would detail just changes in – you 15 know, just changes month over month on the 16 balance sheet. 17 Q. Okay. And maybe it is my fault.
1 WATERHOUSE - 10-19-21 2 Q. Okay. Do you see that this one 3 is – is dated February 2018? 4 A. Yes. 5 Q. Do you have – do you believe – 6 have you ever seen a document that was 7 purporting to report operating results for 8 Highland? 9 MS. DANDENEAU: Objection to form. 10 A. Yes. 11 Q. Okay. And when you say that you 12 don't believe it was produced on a monthly 13 basis, was it produced on any periodic bases to 14 the best of your recollection? 15 A. I believe it was – it was prepared 16 on an annual basis. 17 Q. Okay. 18 MR. MORRIS: Can we look at the next	1 WATERHOUSE - 10-19-21 2 report that Highland prepared that identified 3 significant items impacting the balance sheet? 4 A. A report that was prepared. 5 Q. Let me ask a better question: Did 6 Highland prepare reports to the best of your 7 recollection that identified significant items 8 that impacted its balance sheet? 9 A. Well, so Highland prepared a – a 10 monthly close package. And maybe I'm 11 getting – and – and maybe change names at one 12 time or maybe I'm just – again, just 13 misremembering – but in that, yes, there is a 14 page that would detail just changes in – you 15 know, just changes month over month on the 16 balance sheet. 17 Q. Okay. And maybe it is my fault. 18 Maybe I didn't know the proper name for it.
1 WATERHOUSE - 10-19-21 2 Q. Okay. Do you see that this one 3 is – is dated February 2018? 4 A. Yes. 5 Q. Do you have – do you believe – 6 have you ever seen a document that was 7 purporting to report operating results for 8 Highland? 9 MS. DANDENEAU: Objection to form. 10 A. Yes. 11 Q. Okay. And when you say that you 12 don't believe it was produced on a monthly 13 basis, was it produced on any periodic bases to 14 the best of your recollection? 15 A. I believe it was – it was prepared 16 on an annual basis. 17 Q. Okay. 18 MR. MORRIS: Can we look at the next 19 page.	1 WATERHOUSE - 10-19-21 2 report that Highland prepared that identified 3 significant items impacting the balance sheet? 4 A. A report that was prepared. 5 Q. Let me ask a better question: Did 6 Highland prepare reports to the best of your 7 recollection that identified significant items 8 that impacted its balance sheet? 9 A. Well, so Highland prepared a – a 10 monthly close package. And maybe I'm 11 getting – and – and maybe change names at one 12 time or maybe I'm just – again, just 13 misremembering – but in that, yes, there is a 14 page that would detail just changes in – you 15 know, just changes month over month on the 16 balance sheet. 17 Q. Okay. And maybe it is my fault. 18 Maybe I didn't know the proper name for it. 19 But let's use the phrase "monthly close
1 WATERHOUSE - 10-19-21 2 Q. Okay. Do you see that this one 3 is – is dated February 2018? 4 A. Yes. 5 Q. Do you have – do you believe – 6 have you ever seen a document that was 7 purporting to report operating results for 8 Highland? 9 MS. DANDENEAU: Objection to form. 10 A. Yes. 11 Q. Okay. And when you say that you 12 don't believe it was produced on a monthly 13 basis, was it produced on any periodic bases to 14 the best of your recollection? 15 A. I believe it was – it was prepared 16 on an annual basis. 17 Q. Okay. 18 MR. MORRIS: Can we look at the next 19 page. 20 Q. Do you see that there is a statement	1 WATERHOUSE - 10-19-21 2 report that Highland prepared that identified 3 significant items impacting the balance sheet? 4 A. A report that was prepared. 5 Q. Let me ask a better question: Did 6 Highland prepare reports to the best of your 7 recollection that identified significant items 8 that impacted its balance sheet? 9 A. Well, so Highland prepared a – a 10 monthly close package. And maybe I'm 11 getting – and – and maybe change names at one 12 time or maybe I'm just – again, just 13 misremembering – but in that, yes, there is a 14 page that would detail just changes in – you 15 know, just changes month over month on the 16 balance sheet. 17 Q. Okay. And maybe it is my fault. 18 Maybe I didn't know the proper name for it. 19 But let's use the phrase "monthly close 20 package."
1 WATERHOUSE - 10-19-21 2 Q. Okay. Do you see that this one 3 is – is dated February 2018? 4 A. Yes. 5 Q. Do you have – do you believe – 6 have you ever seen a document that was 7 purporting to report operating results for 8 Highland? 9 MS. DANDENEAU: Objection to form. 10 A. Yes. 11 Q. Okay. And when you say that you 12 don't believe it was produced on a monthly 13 basis, was it produced on any periodic bases to 14 the best of your recollection? 15 A. I believe it was – it was prepared 16 on an annual basis. 17 Q. Okay. 18 MR. MORRIS: Can we look at the next 19 page. 20 Q. Do you see that there is a statement 21 here called: Significant items impacting	1 WATERHOUSE - 10-19-21 2 report that Highland prepared that identified 3 significant items impacting the balance sheet? 4 A. A report that was prepared. 5 Q. Let me ask a better question: Did 6 Highland prepare reports to the best of your 7 recollection that identified significant items 8 that impacted its balance sheet? 9 A. Well, so Highland prepared a – a 10 monthly close package. And maybe I'm 11 getting – and – and maybe change names at one 12 time or maybe I'm just – again, just 13 misremembering – but in that, yes, there is a 14 page that would detail just changes in – you 15 know, just changes month over month on the 16 balance sheet. 17 Q. Okay. And maybe it is my fault. 18 Maybe I didn't know the proper name for it. 19 But let's use the phrase "monthly close 20 package." 21 Did Highland prepare a monthly close
1 WATERHOUSE - 10-19-21 2 Q. Okay. Do you see that this one 3 is – is dated February 2018? 4 A. Yes. 5 Q. Do you have – do you believe – 6 have you ever seen a document that was 7 purporting to report operating results for 8 Highland? 9 MS. DANDENEAU: Objection to form. 10 A. Yes. 11 Q. Okay. And when you say that you 12 don't believe it was produced on a monthly 13 basis, was it produced on any periodic bases to 14 the best of your recollection? 15 A. I believe it was – it was prepared 16 on an annual basis. 17 Q. Okay. 18 MR. MORRIS: Can we look at the next 19 page. 20 Q. Do you see that there is a statement 21 here called: Significant items impacting 22 HCMLP's balance sheet?	1 WATERHOUSE - 10-19-21 2 report that Highland prepared that identified 3 significant items impacting the balance sheet? 4 A. A report that was prepared. 5 Q. Let me ask a better question: Did 6 Highland prepare reports to the best of your 7 recollection that identified significant items 8 that impacted its balance sheet? 9 A. Well, so Highland prepared a – a 10 monthly close package. And maybe I'm 11 getting – and – and maybe change names at one 12 time or maybe I'm just – again, just 13 misremembering – but in that, yes, there is a 14 page that would detail just changes in – you 15 know, just changes month over month on the 16 balance sheet. 17 Q. Okay. And maybe it is my fault. 18 Maybe I didn't know the proper name for it. 19 But let's use the phrase "monthly close 20 package." 21 Did Highland prepare a monthly close 22 package in the ordinary course of business
1 WATERHOUSE - 10-19-21 2 Q. Okay. Do you see that this one 3 is – is dated February 2018? 4 A. Yes. 5 Q. Do you have – do you believe – 6 have you ever seen a document that was 7 purporting to report operating results for 8 Highland? 9 MS. DANDENEAU: Objection to form. 10 A. Yes. 11 Q. Okay. And when you say that you 12 don't believe it was produced on a monthly 13 basis, was it produced on any periodic bases to 14 the best of your recollection? 15 A. I believe it was – it was prepared 16 on an annual basis. 17 Q. Okay. 18 MR. MORRIS: Can we look at the next 19 page. 20 Q. Do you see that there is a statement 21 here called: Significant items impacting 22 HCMLP's balance sheet? 23 And it is dated February 2018.	1 WATERHOUSE - 10-19-21 2 report that Highland prepared that identified 3 significant items impacting the balance sheet? 4 A. A report that was prepared. 5 Q. Let me ask a better question: Did 6 Highland prepare reports to the best of your 7 recollection that identified significant items 8 that impacted its balance sheet? 9 A. Well, so Highland prepared a – a 10 monthly close package. And maybe I'm 11 getting – and – and maybe change names at one 12 time or maybe I'm just – again, just 13 misremembering – but in that, yes, there is a 14 page that would detail just changes in – you 15 know, just changes month over month on the 16 balance sheet. 17 Q. Okay. And maybe it is my fault. 18 Maybe I didn't know the proper name for it. 19 But let's use the phrase "monthly close 20 package." 21 Did Highland prepare a monthly close 22 package in the ordinary course of business 23 during the time that you served as CFO?

_				
1	Page 230 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 231
2	Q. And did the monthly close package	2	were exceptions to the practice?	
3	that Highland prepared include information	3	A. The practice meaning that they	
4	concerning significant items that impacted	4	sometimes lured them to me?	
5	Highland's balance sheet?	5	Q. That that was the expectation even	
6	A. Yes, it had a page like that is –	6	if circumstances prevented that from happening	
7	that is on the screen that detailed items	7	from time to time.	
8	like – of that nature.	8	MS. DEITSCH-PEREZ: Object to the	
9	Q. And do you know who – was there	9	form.	
10	anybody at Highland who was responsible for	10	A. I - I would say it started out that	
11	overseeing the preparation of the monthly	11	way but over the years it it was not	
12	reporting package?	12	enforced.	
13	A. That would have been – again, it	13	Q. Okay. So you were you reviewed	
14	varies over time during my tenure as CFO.	14	and approved monthly – monthly reporting	
15	It – it varied over – over time, but – but	15	packages for a certain period of time and then	
16	typically a – a corporate accounting manager.	16	over time you stopped doing that.	
17	Q. And who were the corporate	17	Do I have that right?	
18	accounting managers during your tenure as CFO?	18	MS. DANDENEAU: Objection to form.	
19	A. It would have been Dave Klos and	19	A. Yes, I mean, if you're talking about	
20	Kristin Hendrix.	20	a formal meeting where we sit down and go	
21	Q. And did the corporate accounting	21	through and approve it. I would say that was	
22	manager deliver to you drafts of the monthly	22	standard practice a decade – you know, early	
23	close package before it was finalized?	23	on. And as time went on that that that	
24	A. Sometimes.	24	practice wasn't followed.	
25	Q. Was that the practice even if there	25	Q. Okay.	
1				l l
	Page 232			Page 233
1	Page 232 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 233
1 2		1 2	WATERHOUSE - 10-19-21 don't know because, again, I wasn't reviewing	Page 233
ı	WATERHOUSE - 10-19-21	_		Page 233
2	WATERHOUSE - 10-19-21 A. And, quite frankly, I don't even	2	don't know because, again, I wasn't reviewing	Page 233
2 3	WATERHOUSE - 10-19-21 A. And, quite frankly, I don't even know if these were - these were sent to me	2	don't know because, again, I wasn't reviewing them. I hadn't reviewed a close package for –	Page 233
2 3 4	WATERHOUSE - 10-19-21 A. And, quite frankly, I don't even know if these were – these were sent to me even in any capacity.	2 3 4	don't know because, again, I wasn't reviewing them. I hadn't reviewed a close package for – for a long time. But I believe the standard	Page 233
2 3 4 5	WATERHOUSE - 10-19-21 A. And, quite frankly, I don't even know if these were – these were sent to me even in any capacity. Q. What was the purpose of preparing	2 3 4 5 6	don't know because, again, I wasn't reviewing them. I hadn't reviewed a close package for – for a long time. But I believe the standard practice that was still being carried out.	Page 233
2 3 4 5 6	WATERHOUSE - 10-19-21 A. And, quite frankly, I don't even know if these were – these were sent to me even in any capacity. Q. What was the purpose of preparing the monthly reporting package – withdrawn.	2 3 4 5 6	don't know because, again, I wasn't reviewing them. I hadn't reviewed a close package for – for a long time. But I believe the standard practice that was still being carried out. Q. Did you ever have any discussions	Page 233
2 3 4 5 6 7	WATERHOUSE - 10-19-21 A. And, quite frankly, I don't even know if these were – these were sent to me even in any capacity. Q. What was the purpose of preparing the monthly reporting package – withdrawn. What was the purpose of preparing	2 3 4 5 6 7	don't know because, again, I wasn't reviewing them. I hadn't reviewed a close package for — for a long time. But I believe the standard practice that was still being carried out. Q. Did you ever have any discussions with the debtor's independent board concerning	Page 233
2 3 4 5 6 7 8	WATERHOUSE - 10-19-21 A. And, quite frankly, I don't even know if these were — these were sent to me even in any capacity. Q. What was the purpose of preparing the monthly reporting package — withdrawn. What was the purpose of preparing the monthly close package?	2 3 4 5 6 7 8	don't know because, again, I wasn't reviewing them. I hadn't reviewed a close package for — for a long time. But I believe the standard practice that was still being carried out. Q. Did you ever have any discussions with the debtor's independent board concerning any promissory notes that were issued by any of the affiliates or Mr. Dondero? A. I can't — I can't — I can't recall	Page 233
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 A. And, quite frankly, I don't even know if these were — these were sent to me even in any capacity. Q. What was the purpose of preparing the monthly reporting package — withdrawn. What was the purpose of preparing the monthly close package? MS. DEITSCH-PEREZ: Object to the form. A. The — the original purpose was so	2 3 4 5 6 7 8 9 10	don't know because, again, I wasn't reviewing them. I hadn't reviewed a close package for — for a long time. But I believe the standard practice that was still being carried out. Q. Did you ever have any discussions with the debtor's independent board concerning any promissory notes that were issued by any of the affiliates or Mr. Dondero?	Page 233
2 3 4 5 6 7 8 9 10	WATERHOUSE - 10-19-21 A. And, quite frankly, I don't even know if these were – these were sent to me even in any capacity. Q. What was the purpose of preparing the monthly reporting package – withdrawn. What was the purpose of preparing the monthly close package? MS. DEITSCH-PEREZ: Object to the form. A. The – the original purpose was so that it would just – it would be a report that	2 3 4 5 6 7 8 9	don't know because, again, I wasn't reviewing them. I hadn't reviewed a close package for — for a long time. But I believe the standard practice that was still being carried out. Q. Did you ever have any discussions with the debtor's independent board concerning any promissory notes that were issued by any of the affiliates or Mr. Dondero? A. I can't — I can't — I can't recall specifically. Q. Did you speak with the independent	Page 233
2 3 4 5 6 7 8 9 10	WATERHOUSE - 10-19-21 A. And, quite frankly, I don't even know if these were – these were sent to me even in any capacity. Q. What was the purpose of preparing the monthly reporting package – withdrawn. What was the purpose of preparing the monthly close package? MS. DEITSCH-PEREZ: Object to the form. A. The – the original purpose was so that it would just – it would be a report that was reviewed monthly with senior management.	2 3 4 5 6 7 8 9 10	don't know because, again, I wasn't reviewing them. I hadn't reviewed a close package for — for a long time. But I believe the standard practice that was still being carried out. Q. Did you ever have any discussions with the debtor's independent board concerning any promissory notes that were issued by any of the affiliates or Mr. Dondero? A. I can't — I can't — I can't recall specifically. Q. Did you speak with the independent board from time to time?	Page 233
2 3 4 5 6 7 8 9 10 11 12	WATERHOUSE - 10-19-21 A. And, quite frankly, I don't even know if these were – these were sent to me even in any capacity. Q. What was the purpose of preparing the monthly reporting package – withdrawn. What was the purpose of preparing the monthly close package? MS. DEITSCH-PEREZ: Object to the form. A. The – the original purpose was so that it would just – it would be a report that was reviewed monthly with senior management. Q. Who was included in the idea of	2 3 4 5 6 7 8 9 10 11 12	don't know because, again, I wasn't reviewing them. I hadn't reviewed a close package for — for a long time. But I believe the standard practice that was still being carried out. Q. Did you ever have any discussions with the debtor's independent board concerning any promissory notes that were issued by any of the affiliates or Mr. Dondero? A. I can't — I can't — I can't recall specifically. Q. Did you speak with the independent board from time to time? A. Yes, from — from — from time to	Page 233
2 3 4 5 6 7 8 9 10 11 12 13	WATERHOUSE - 10-19-21 A. And, quite frankly, I don't even know if these were – these were sent to me even in any capacity. Q. What was the purpose of preparing the monthly reporting package – withdrawn. What was the purpose of preparing the monthly close package? MS. DEITSCH-PEREZ: Object to the form. A. The – the original purpose was so that it would just – it would be a report that was reviewed monthly with senior management. Q. Who was included in the idea of senior management?	2 3 4 5 6 7 8 9 10 11 12 13	don't know because, again, I wasn't reviewing them. I hadn't reviewed a close package for — for a long time. But I believe the standard practice that was still being carried out. Q. Did you ever have any discussions with the debtor's independent board concerning any promissory notes that were issued by any of the affiliates or Mr. Dondero? A. I can't — I can't — I can't recall specifically. Q. Did you speak with the independent board from time to time? A. Yes, from — from — from time to time I had discussions with the independent	Page 233
2 3 4 5 6 7 8 9 10 11 12 13 14	WATERHOUSE - 10-19-21 A. And, quite frankly, I don't even know if these were – these were sent to me even in any capacity. Q. What was the purpose of preparing the monthly reporting package – withdrawn. What was the purpose of preparing the monthly close package? MS. DEITSCH-PEREZ: Object to the form. A. The – the original purpose was so that it would just – it would be a report that was reviewed monthly with senior management. Q. Who was included in the idea of	2 3 4 5 6 7 8 9 10 11 12 13 14	don't know because, again, I wasn't reviewing them. I hadn't reviewed a close package for — for a long time. But I believe the standard practice that was still being carried out. Q. Did you ever have any discussions with the debtor's independent board concerning any promissory notes that were issued by any of the affiliates or Mr. Dondero? A. I can't — I can't — I can't recall specifically. Q. Did you speak with the independent board from time to time? A. Yes, from — from — from time to time I had discussions with the independent board members, you know, either — either, you	Page 233
2 3 4 5 6 7 8 9 10 11 12 13 14 15	WATERHOUSE - 10-19-21 A. And, quite frankly, I don't even know if these were – these were sent to me even in any capacity. Q. What was the purpose of preparing the monthly reporting package – withdrawn. What was the purpose of preparing the monthly close package? MS. DEITSCH-PEREZ: Object to the form. A. The – the original purpose was so that it would just – it would be a report that was reviewed monthly with senior management. Q. Who was included in the idea of senior management?	2 3 4 5 6 7 8 9 10 11 12 13 14 15	don't know because, again, I wasn't reviewing them. I hadn't reviewed a close package for — for a long time. But I believe the standard practice that was still being carried out. Q. Did you ever have any discussions with the debtor's independent board concerning any promissory notes that were issued by any of the affiliates or Mr. Dondero? A. I can't — I can't — I can't recall specifically. Q. Did you speak with the independent board from time to time? A. Yes, from — from — from time to time I had discussions with the independent	Page 233
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	WATERHOUSE - 10-19-21 A. And, quite frankly, I don't even know if these were — these were sent to me even in any capacity. Q. What was the purpose of preparing the monthly reporting package — withdrawn. What was the purpose of preparing the monthly close package? MS. DEITSCH-PEREZ: Object to the form. A. The — the original purpose was so that it would just — it would be a report that was reviewed monthly with senior management. Q. Who was included in the idea of senior management? A. You know, I think originally when this was conceived that would have been like Jim Dondero and Mark Okada.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	don't know because, again, I wasn't reviewing them. I hadn't reviewed a close package for — for a long time. But I believe the standard practice that was still being carried out. Q. Did you ever have any discussions with the debtor's independent board concerning any promissory notes that were issued by any of the affiliates or Mr. Dondero? A. I can't — I can't — I can't recall specifically. Q. Did you speak with the independent board from time to time? A. Yes, from — from — from time to time I had discussions with the independent board members, you know, either — either, you know, by themselves or wholly, you know, as — as a — as a combined work.	Page 233
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	WATERHOUSE - 10-19-21 A. And, quite frankly, I don't even know if these were — these were sent to me even in any capacity. Q. What was the purpose of preparing the monthly reporting package — withdrawn. What was the purpose of preparing the monthly close package? MS. DEITSCH-PEREZ: Object to the form. A. The — the original purpose was so that it would just — it would be a report that was reviewed monthly with senior management. Q. Who was included in the idea of senior management? A. You know, I think originally when this was conceived that would have been like Jim Dondero and Mark Okada. Q. Were monthly reporting — withdrawn.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	don't know because, again, I wasn't reviewing them. I hadn't reviewed a close package for — for a long time. But I believe the standard practice that was still being carried out. Q. Did you ever have any discussions with the debtor's independent board concerning any promissory notes that were issued by any of the affiliates or Mr. Dondero? A. I can't — I can't — I can't recall specifically. Q. Did you speak with the independent board from time to time? A. Yes, from — from — from time to time I had discussions with the independent board members, you know, either — either, you know, by themselves or wholly, you know, as — as a — as a combined work. Q. Okay. Before we talk about	Page 233
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	WATERHOUSE - 10-19-21 A. And, quite frankly, I don't even know if these were — these were sent to me even in any capacity. Q. What was the purpose of preparing the monthly reporting package — withdrawn. What was the purpose of preparing the monthly close package? MS. DEITSCH-PEREZ: Object to the form. A. The — the original purpose was so that it would just — it would be a report that was reviewed monthly with senior management. Q. Who was included in the idea of senior management? A. You know, I think originally when this was conceived that would have been like Jim Dondero and Mark Okada.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	don't know because, again, I wasn't reviewing them. I hadn't reviewed a close package for — for a long time. But I believe the standard practice that was still being carried out. Q. Did you ever have any discussions with the debtor's independent board concerning any promissory notes that were issued by any of the affiliates or Mr. Dondero? A. I can't — I can't — I can't recall specifically. Q. Did you speak with the independent board from time to time? A. Yes, from — from — from time to time I had discussions with the independent board members, you know, either — either, you know, by themselves or wholly, you know, as — as a — as a combined work.	Page 233
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	WATERHOUSE - 10-19-21 A. And, quite frankly, I don't even know if these were — these were sent to me even in any capacity. Q. What was the purpose of preparing the monthly reporting package — withdrawn. What was the purpose of preparing the monthly close package? MS. DEITSCH-PEREZ: Object to the form. A. The — the original purpose was so that it would just — it would be a report that was reviewed monthly with senior management. Q. Who was included in the idea of senior management? A. You know, I think originally when this was conceived that would have been like Jim Dondero and Mark Okada. Q. Were monthly reporting — withdrawn. Were monthly close packages prepared to the best of your knowledge until the time	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	don't know because, again, I wasn't reviewing them. I hadn't reviewed a close package for — for a long time. But I believe the standard practice that was still being carried out. Q. Did you ever have any discussions with the debtor's independent board concerning any promissory notes that were issued by any of the affiliates or Mr. Dondero? A. I can't — I can't — I can't recall specifically. Q. Did you speak with the independent board from time to time? A. Yes, from — from — from time to time I had discussions with the independent board members, you know, either — either, you know, by themselves or wholly, you know, as — as a — as a combined work. Q. Okay. Before we talk about	Page 233
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	WATERHOUSE - 10-19-21 A. And, quite frankly, I don't even know if these were – these were sent to me even in any capacity. Q. What was the purpose of preparing the monthly reporting package – withdrawn. What was the purpose of preparing the monthly close package? MS. DEITSCH-PEREZ: Object to the form. A. The – the original purpose was so that it would just – it would be a report that was reviewed monthly with senior management. Q. Who was included in the idea of senior management? A. You know, I think originally when this was conceived that would have been like Jim Dondero and Mark Okada. Q. Were monthly reporting – withdrawn. Were monthly close packages prepared	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	don't know because, again, I wasn't reviewing them. I hadn't reviewed a close package for — for a long time. But I believe the standard practice that was still being carried out. Q. Did you ever have any discussions with the debtor's independent board concerning any promissory notes that were issued by any of the affiliates or Mr. Dondero? A. I can't — I can't — I can't recall specifically. Q. Did you speak with the independent board from time to time? A. Yes, from — from — from time to time I had discussions with the independent board members, you know, either — either, you know, by themselves or wholly, you know, as — as a — as a combined work. Q. Okay. Before we talk about Mr. Seery, do you recall ever having a	Page 233
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	WATERHOUSE - 10-19-21 A. And, quite frankly, I don't even know if these were – these were sent to me even in any capacity. Q. What was the purpose of preparing the monthly reporting package – withdrawn. What was the purpose of preparing the monthly close package? MS. DEITSCH-PEREZ: Object to the form. A. The – the original purpose was so that it would just – it would be a report that was reviewed monthly with senior management. Q. Who was included in the idea of senior management? A. You know, I think originally when this was conceived that would have been like Jim Dondero and Mark Okada. Q. Were monthly reporting – withdrawn. Were monthly close packages prepared to the best of your knowledge until the time you left Highland? A. To my knowledge – I don't know,	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	don't know because, again, I wasn't reviewing them. I hadn't reviewed a close package for — for a long time. But I believe the standard practice that was still being carried out. Q. Did you ever have any discussions with the debtor's independent board concerning any promissory notes that were issued by any of the affiliates or Mr. Dondero? A. I can't — I can't — I can't recall specifically. Q. Did you speak with the independent board from time to time? A. Yes, from — from — from time to time I had discussions with the independent board members, you know, either — either, you know, by themselves or wholly, you know, as — as a — as a combined work. Q. Okay. Before we talk about Mr. Seery, do you recall ever having a conversation with Mr. Nelms or Mr. Dubel concerning any promissory note that was rendered by one of the affiliates or	Page 233
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	WATERHOUSE - 10-19-21 A. And, quite frankly, I don't even know if these were – these were sent to me even in any capacity. Q. What was the purpose of preparing the monthly reporting package – withdrawn. What was the purpose of preparing the monthly close package? MS. DEITSCH-PEREZ: Object to the form. A. The – the original purpose was so that it would just – it would be a report that was reviewed monthly with senior management. Q. Who was included in the idea of senior management? A. You know, I think originally when this was conceived that would have been like Jim Dondero and Mark Okada. Q. Were monthly reporting – withdrawn. Were monthly close packages prepared to the best of your knowledge until the time you left Highland? A. To my knowledge – I don't know, actually. I mean, to my knowledge, I believe	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	don't know because, again, I wasn't reviewing them. I hadn't reviewed a close package for — for a long time. But I believe the standard practice that was still being carried out. Q. Did you ever have any discussions with the debtor's independent board concerning any promissory notes that were issued by any of the affiliates or Mr. Dondero? A. I can't — I can't — I can't recall specifically. Q. Did you speak with the independent board from time to time? A. Yes, from — from — from time to time I had discussions with the independent board members, you know, either — either, you know, by themselves or wholly, you know, as — as a — as a combined work. Q. Okay. Before we talk about Mr. Seery, do you recall ever having a conversation with Mr. Nelms or Mr. Dubel concerning any promissory note that was rendered by one of the affiliates or Mr. Dondero to Highland?	Page 233
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	WATERHOUSE - 10-19-21 A. And, quite frankly, I don't even know if these were – these were sent to me even in any capacity. Q. What was the purpose of preparing the monthly reporting package – withdrawn. What was the purpose of preparing the monthly close package? MS. DEITSCH-PEREZ: Object to the form. A. The – the original purpose was so that it would just – it would be a report that was reviewed monthly with senior management. Q. Who was included in the idea of senior management? A. You know, I think originally when this was conceived that would have been like Jim Dondero and Mark Okada. Q. Were monthly reporting – withdrawn. Were monthly close packages prepared to the best of your knowledge until the time you left Highland? A. To my knowledge – I don't know,	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	don't know because, again, I wasn't reviewing them. I hadn't reviewed a close package for — for a long time. But I believe the standard practice that was still being carried out. Q. Did you ever have any discussions with the debtor's independent board concerning any promissory notes that were issued by any of the affiliates or Mr. Dondero? A. I can't — I can't — I can't recall specifically. Q. Did you speak with the independent board from time to time? A. Yes, from — from — from time to time I had discussions with the independent board members, you know, either — either, you know, by themselves or wholly, you know, as — as a — as a combined work. Q. Okay. Before we talk about Mr. Seery, do you recall ever having a conversation with Mr. Nelms or Mr. Dubel concerning any promissory note that was rendered by one of the affiliates or	Page 233

	Page 224			Dogo 225
1	Page 234 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 235
2 sp	pecifically.	2	Q. Did you ever tell Mr. Seery that you	
3	Q. Do you know if the topic was ever	3	had any reason to believe that the amounts	
4 di	scussed, even if you don't remember it	4	reflected in the notes issued by the affiliates	
1	pecifically?	5	and Mr. Dondero were invalid for any reason?	
6	MS. DANDENEAU: Objection to form.	6	A. I don't – I don't recall.	
7	A. It – it – it may have. I don't	7	Q. Did you tell Mr. Dondero – did you	
8 kr	now. I don't recall.	8	tell Mr. Seery that you thought the promissory	
9	Q. Do you recall ever discussing any	9	notes issued by the advisors and Mr. Dondero	
10 p	romissory note issued by any of the affiliates	10	that were outstanding as of the petition date	
1 .	r Mr. Dondero with James Seery?	11	were assets of the estate?	
12	A. I don't – I don't recall	12	A. I don't recall having a specific	
1	pecifically.	13	conversation about those – you know, those	
14	Q. Do you recall generally ever	14	notes outstanding as – as of the petition date	
15 d	iscussing the topic of promissory notes issued	15	being assets on the estate. I mean, we put	
	y any of the affiliates or Mr. Dondero to	16	together – you know, they're in the books and	
1	lighland with Mr. Seery?	17	records of the financial statements. I don't	
18	A. Nothing – nothing is really jumping	18	recall having a specific conversation.	
1	ut at me.	19	Q. Did you ever prepare any documents	
20	Q. Do you recall if you ever told	20	that were delivered to Mr. Seery that concerned	
1	/Ir. Seery that any of the affiliates or	21	the promissory notes issued by any of the	
1	/Ir. Dondero didn't have an obligation to pay	22	affiliates or Mr. Dondero?	
1	Il amounts due and owing under their notes?	23	MS. DANDENEAU: Objection to form.	
24	A. I don't recall having that	24	A. Did I produce any that concerned –	
1	onversation.	25	•	
$ _1$	Page 236 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 237
1	nything that – that said I have concerns over	2	were filed with the bankruptcy court?	
1	ese notes?	3	A. I didn't – I didn't prepare them	
4	Q. No. Let me try again. Maybe it was	4	personally.	
1	ly question.	5	Q. Did people prepare them under your	
6	Did you ever give Mr. Seery any	6	direction?	
1	formation concerning any of the notes that	7	A. Yes. There were members of the team	
1	ere issued by any of the affiliates or	8	that prepared them, and they worked in – you	
1	Ir. Dondero?	9	know, there were members of DSI that were	
10	MS. DANDENEAU: Objection to form.	10	involved in the process as well.	
11	A. I don't recall if I did or not. I	11	Q. To the best of your knowledge, did	
1	on't – I don't remember. I mean, you have my	12	DSI rely on the employees of Highland for the	
1	mails. You may have asked. Again, I don't –	13	information that they used to prepare the	
1	don't know.	14	bankruptcy filings?	
15	MR. MORRIS: Can we put up the	15	A. Yes. The books and records were	
16	document that has been premarked as Exhibit	16	with the Highland personnel.	
17	39?	17	Q. Okay. And do you see on the screen	
18	MS. DANDENEAU: John, that is this	18	here, there is a document that we have marked	
19	document, isn't it?	19	as Exhibit 40 that is – that is titled Summary	
20	MR. MORRIS: Oh, yeah, it might be,	20	of Assets and Liabilities?	
21	as a matter of fact. Let's go to Number	21	A. Uh-huh.	
22	40.	22		
1			Q. Okay. And do you recall reviewing	
23	(Exhibit 40 marked.)	23	any summary of assets and liabilities before it was filed with the bankruptcy court?	
24 25 M	Q. During the bankruptcy, Ir. Waterhouse, did you prepare documents that	25	A. Yes, I recall reviewing this at a	
23 14	п. тракопоизе, им уби ргераге ибфиненка шак	25	A. 163, Hedaineviewing this at a	

Page 238	Page 2 1 WATERHOUSE - 10-19-21
2 high level.	2 Mr. Dondero, among others; is that right?
3 Q. And did you believe that it was	3 MS. DANDENEAU: Objection to form.
4 accurate at the time it was filed?	4 A. Yes. The affiliate notes and the
5 A. I didn't have any other reason to	5 Dondero notes were in this amount, but they
6 believe otherwise.	6 weren't – again, like you said, and among
7 Q. Okay. Do you see that the total	7 others.
8 value of all properties listed in Part 1 is	8 Q. Okay. We will look at the
9 approximately \$410 million?	9 specificity because I'm not playing gaming
10 MS. DEITSCH-PEREZ: Objection to	10 here, but do you know if the \$150 million of
11 form.	11 notes receivable was included within the
12 A. Yes, it is in 1c.	12 \$410 million of total value of the debtor's
13 Q. Yes.	13 assets?
14 A. Yes, I see that.	14 MS. DANDENEAU: Objection to form.
15 Q. Okay. If we go to the second page,	15 A. I-I-I believe so.
16 now I think I may just have excerpts here, just	16 Q. Right. And so is it fair to say
17 so everybody is clear, but if we scroll down to	17 that as of the date this document was prepared,
18 the second page, you will see that there is	18 the notes receivable were more than one-third
19 a – a little further. There you go. You will	19 of the value of the debtor's assets?
20 see there is a reference to Item 71, notes	20 MS. DEITSCH-PEREZ: Object to the
21 receivable.	21 form.
22 Do you see that?	22 MS. DANDENEAU: Object to the form.
23 A. Ido.	23 A. Again, if you are just taking the
24 Q. And that was a reference to the	24 math, 150 divided by whatever the \$400 million
25 notes receivable from the affiliates and	number is above, then yes, you get there.
Page 240	Page 2
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
1 WATERHOUSE - 10-19-21 2 Q. Okay.	1 WATERHOUSE - 10-19-21 2 Highland?
1 WATERHOUSE - 10-19-21 2 Q. Okay. 3 A. You know, but as of the time of this	 1 WATERHOUSE - 10-19-21 2 Highland? 3 A. Yes, we did do impairment analysis
1 WATERHOUSE - 10-19-21 2 Q. Okay. 3 A. You know, but as of the time of this 4 filing, that is what was put in this filing,	 WATERHOUSE - 10-19-21 Highland? A. Yes, we did do impairment analysis on – on assets.
1 WATERHOUSE - 10-19-21 2 Q. Okay. 3 A. You know, but as of the time of this 4 filling, that is what was put in this filling, 5 right, but, you know, I mean, numbers —	 WATERHOUSE - 10-19-21 Highland? A. Yes, we did do impairment analysis on – on assets. Q. Okay. Did you ever do an impairment
1 WATERHOUSE - 10-19-21 2 Q. Okay. 3 A. You know, but as of the time of this 4 filing, that is what was put in this filing, 5 right, but, you know, I mean, numbers — 6 numbers change, facts and circumstances change.	 1 WATERHOUSE - 10-19-21 2 Highland? 3 A. Yes, we did do impairment analysis 4 on – on assets. 5 Q. Okay. Did you ever do an impairment 6 analysis on any of the promissory notes that
 WATERHOUSE - 10-19-21 Q. Okay. A. You know, but as of the time of this filing, that is what was put in this filing, right, but, you know, I mean, numbers — numbers change, facts and circumstances change. Q. But as the CFO of Highland, the 	 1 WATERHOUSE - 10-19-21 2 Highland? 3 A. Yes, we did do impairment analysis 4 on – on assets. 5 Q. Okay. Did you ever do an impairment 6 analysis on any of the promissory notes that 7 were given to Highland by any of the affiliates
1 WATERHOUSE - 10-19-21 2 Q. Okay. 3 A. You know, but as of the time of this 4 filing, that is what was put in this filing, 5 right, but, you know, I mean, numbers — 6 numbers change, facts and circumstances change. 7 Q. But as the CFO of Highland, the 8 debtor in bankruptcy, did you believe that this	 1 WATERHOUSE - 10-19-21 2 Highland? 3 A. Yes, we did do impairment analysis 4 on – on assets. 5 Q. Okay. Did you ever do an impairment 6 analysis on any of the promissory notes that 7 were given to Highland by any of the affiliates 8 or Mr. Dondero?
1 WATERHOUSE - 10-19-21 2 Q. Okay. 3 A. You know, but as of the time of this 4 filing, that is what was put in this filing, 5 right, but, you know, I mean, numbers — 6 numbers change, facts and circumstances change. 7 Q. But as the CFO of Highland, the 8 debtor in bankruptcy, did you believe that this 9 number accurately reflected the total amount	 1 WATERHOUSE - 10-19-21 2 Highland? 3 A. Yes, we did do impairment analysis 4 on – on assets. 5 Q. Okay. Did you ever do an impairment 6 analysis on any of the promissory notes that 7 were given to Highland by any of the affiliates 8 or Mr. Dondero? 9 A. Not that I recall.
1 WATERHOUSE - 10-19-21 2 Q. Okay. 3 A. You know, but as of the time of this 4 filing, that is what was put in this filing, 5 right, but, you know, I mean, numbers — 6 numbers change, facts and circumstances change. 7 Q. But as the CFO of Highland, the 8 debtor in bankruptcy, did you believe that this 9 number accurately reflected the total amount 10 due under the notes receivable?	WATERHOUSE - 10-19-21 Highland? A. Yes, we did do impairment analysis on – on assets. Q. Okay. Did you ever do an impairment analysis on any of the promissory notes that were given to Highland by any of the affiliates or Mr. Dondero? A. Not that I recall. Q. Under what circumstances do you
1 WATERHOUSE - 10-19-21 2 Q. Okay. 3 A. You know, but as of the time of this 4 filing, that is what was put in this filing, 5 right, but, you know, I mean, numbers — 6 numbers change, facts and circumstances change. 7 Q. But as the CFO of Highland, the 8 debtor in bankruptcy, did you believe that this 9 number accurately reflected the total amount 10 due under the notes receivable? 11 A. That is what we had in our books and	1 WATERHOUSE - 10-19-21 2 Highland? 3 A. Yes, we did do impairment analysis 4 on – on assets. 5 Q. Okay. Did you ever do an impairment 6 analysis on any of the promissory notes that 7 were given to Highland by any of the affiliates 8 or Mr. Dondero? 9 A. Not that I recall. 10 Q. Under what circumstances do you 11 prepare impairment analyses?
1 WATERHOUSE - 10-19-21 2 Q. Okay. 3 A. You know, but as of the time of this 4 filing, that is what was put in this filing, 5 right, but, you know, I mean, numbers — 6 numbers change, facts and circumstances change. 7 Q. But as the CFO of Highland, the 8 debtor in bankruptcy, did you believe that this 9 number accurately reflected the total amount 10 due under the notes receivable? 11 A. That is what we had in our books and 12 records.	1 WATERHOUSE - 10-19-21 2 Highland? 3 A. Yes, we did do impairment analysis 4 on – on assets. 5 Q. Okay. Did you ever do an impairment 6 analysis on any of the promissory notes that 7 were given to Highland by any of the affiliates 8 or Mr. Dondero? 9 A. Not that I recall. 10 Q. Under what circumstances do you 11 prepare impairment analyses? 12 A. As – as – if you're preparing
1 WATERHOUSE - 10-19-21 2 Q. Okay. 3 A. You know, but as of the time of this 4 filing, that is what was put in this filing, 5 right, but, you know, I mean, numbers — 6 numbers change, facts and circumstances change. 7 Q. But as the CFO of Highland, the 8 debtor in bankruptcy, did you believe that this 9 number accurately reflected the total amount 10 due under the notes receivable? 11 A. That is what we had in our books and 12 records. 13 Q. Okay. And did you believe as the	1 WATERHOUSE - 10-19-21 2 Highland? 3 A. Yes, we did do impairment analysis 4 on – on assets. 5 Q. Okay. Did you ever do an impairment 6 analysis on any of the promissory notes that 7 were given to Highland by any of the affiliates 8 or Mr. Dondero? 9 A. Not that I recall. 10 Q. Under what circumstances do you 11 prepare impairment analyses? 12 A. As – as – if you're preparing 13 financials in accordance with GAAP, generally
1 WATERHOUSE - 10-19-21 2 Q. Okay. 3 A. You know, but as of the time of this 4 filing, that is what was put in this filing, 5 right, but, you know, I mean, numbers — 6 numbers change, facts and circumstances change. 7 Q. But as the CFO of Highland, the 8 debtor in bankruptcy, did you believe that this 9 number accurately reflected the total amount 10 due under the notes receivable? 11 A. That is what we had in our books and 12 records. 13 Q. Okay. And did you believe as the 14 CFO that the books and records accurately	1 WATERHOUSE - 10-19-21 2 Highland? 3 A. Yes, we did do impairment analysis 4 on – on assets. 5 Q. Okay. Did you ever do an impairment 6 analysis on any of the promissory notes that 7 were given to Highland by any of the affiliates 8 or Mr. Dondero? 9 A. Not that I recall. 10 Q. Under what circumstances do you 11 prepare impairment analyses? 12 A. As – as – if you're preparing 13 financials in accordance with GAAP, generally 14 accepted accounting principles, if you're
1 WATERHOUSE - 10-19-21 2 Q. Okay. 3 A. You know, but as of the time of this 4 filing, that is what was put in this filing, 5 right, but, you know, I mean, numbers — 6 numbers change, facts and circumstances change. 7 Q. But as the CFO of Highland, the 8 debtor in bankruptcy, did you believe that this 9 number accurately reflected the total amount 10 due under the notes receivable? 11 A. That is what we had in our books and 12 records. 13 Q. Okay. And did you believe as the 14 CFO that the books and records accurately 15 reported the then value of the debtor's assets?	1 WATERHOUSE - 10-19-21 2 Highland? 3 A. Yes, we did do impairment analysis 4 on – on assets. 5 Q. Okay. Did you ever do an impairment 6 analysis on any of the promissory notes that 7 were given to Highland by any of the affiliates 8 or Mr. Dondero? 9 A. Not that I recall. 10 Q. Under what circumstances do you 11 prepare impairment analyses? 12 A. As – as – if you're preparing 13 financials in accordance with GAAP, generally 14 accepted accounting principles, if you're 15 preparing full GAAP financials, you should be
1 WATERHOUSE - 10-19-21 2 Q. Okay. 3 A. You know, but as of the time of this 4 filing, that is what was put in this filing, 5 right, but, you know, I mean, numbers — 6 numbers change, facts and circumstances change. 7 Q. But as the CFO of Highland, the 8 debtor in bankruptcy, did you believe that this 9 number accurately reflected the total amount 10 due under the notes receivable? 11 A. That is what we had in our books and 12 records. 13 Q. Okay. And did you believe as the 14 CFO that the books and records accurately 15 reported the then value of the debtor's assets? 16 MS. DANDENEAU: Objection to form.	1 WATERHOUSE - 10-19-21 2 Highland? 3 A. Yes, we did do impairment analysis 4 on – on assets. 5 Q. Okay. Did you ever do an impairment 6 analysis on any of the promissory notes that 7 were given to Highland by any of the affiliates 8 or Mr. Dondero? 9 A. Not that I recall. 10 Q. Under what circumstances do you 11 prepare impairment analyses? 12 A. As – as – if you're preparing 13 financials in accordance with GAAP, generally 14 accepted accounting principles, if you're 15 preparing – you should be undergoing on a
1 WATERHOUSE - 10-19-21 2 Q. Okay. 3 A. You know, but as of the time of this 4 filing, that is what was put in this filing, 5 right, but, you know, I mean, numbers — 6 numbers change, facts and circumstances change. 7 Q. But as the CFO of Highland, the 8 debtor in bankruptcy, did you believe that this 9 number accurately reflected the total amount 10 due under the notes receivable? 11 A. That is what we had in our books and 12 records. 13 Q. Okay. And did you believe as the 14 CFO that the books and records accurately 15 reported the then value of the debtor's assets? 16 MS. DANDENEAU: Objection to form. 17 A. We didn't — as part of this filing,	1 WATERHOUSE - 10-19-21 2 Highland? 3 A. Yes, we did do impairment analysis 4 on – on assets. 5 Q. Okay. Did you ever do an impairment 6 analysis on any of the promissory notes that 7 were given to Highland by any of the affiliates 8 or Mr. Dondero? 9 A. Not that I recall. 10 Q. Under what circumstances do you 11 prepare impairment analyses? 12 A. As – as – if you're preparing 13 financials in accordance with GAAP, generally 14 accepted accounting principles, if you're 15 preparing – you should be undergoing on a 16 periodic basis any fair market value
1 WATERHOUSE - 10-19-21 2 Q. Okay. 3 A. You know, but as of the time of this 4 filing, that is what was put in this filing, 5 right, but, you know, I mean, numbers — 6 numbers change, facts and circumstances change. 7 Q. But as the CFO of Highland, the 8 debtor in bankruptcy, did you believe that this 9 number accurately reflected the total amount 10 due under the notes receivable? 11 A. That is what we had in our books and 12 records. 13 Q. Okay. And did you believe as the 14 CFO that the books and records accurately 15 reported the then value of the debtor's assets? 16 MS. DANDENEAU: Objection to form. 17 A. We didn't — as part of this filing, 18 there was no fair value measurement or	Highland? A. Yes, we did do impairment analysis on – on assets. Q. Okay. Did you ever do an impairment analysis on any of the promissory notes that were given to Highland by any of the affiliates or Mr. Dondero? A. Not that I recall. Q. Under what circumstances do you prepare impairment analyses? A. As – as – if you're preparing financials in accordance with GAAP, generally accepted accounting principles, if you're preparing full GAAP financials, you should be preparing – you should be undergoing on a periodic basis any fair market value adjustments to assets.
1 WATERHOUSE - 10-19-21 2 Q. Okay. 3 A. You know, but as of the time of this 4 filing, that is what was put in this filing, 5 right, but, you know, I mean, numbers 6 numbers change, facts and circumstances change. 7 Q. But as the CFO of Highland, the 8 debtor in bankruptcy, did you believe that this 9 number accurately reflected the total amount 10 due under the notes receivable? 11 A. That is what we had in our books and 12 records. 13 Q. Okay. And did you believe as the 14 CFO that the books and records accurately 15 reported the then value of the debtor's assets? 16 MS. DANDENEAU: Objection to form. 17 A. We didn't – as part of this filing, 18 there was no fair value measurement or 19 anything. These were just accounting entries	1 WATERHOUSE - 10-19-21 2 Highland? 3 A. Yes, we did do impairment analysis 4 on – on assets. 5 Q. Okay. Did you ever do an impairment 6 analysis on any of the promissory notes that 7 were given to Highland by any of the affiliates 8 or Mr. Dondero? 9 A. Not that I recall. 10 Q. Under what circumstances do you 11 prepare impairment analyses? 12 A. As – as – if you're preparing 13 financials in accordance with GAAP, generally 14 accepted accounting principles, if you're 15 preparing full GAAP financials, you should be 16 preparing – you should be undergoing on a 17 periodic basis any fair market value 18 adjustments to assets. 19 As I was instructed at the time of
1 WATERHOUSE - 10-19-21 2 Q. Okay. 3 A. You know, but as of the time of this 4 filing, that is what was put in this filing, 5 right, but, you know, I mean, numbers — 6 numbers change, facts and circumstances change. 7 Q. But as the CFO of Highland, the 8 debtor in bankruptcy, did you believe that this 9 number accurately reflected the total amount 10 due under the notes receivable? 11 A. That is what we had in our books and 12 records. 13 Q. Okay. And did you believe as the 14 CFO that the books and records accurately 15 reported the then value of the debtor's assets? 16 MS. DANDENEAU: Objection to form. 17 A. We didn't — as part of this filing, 18 there was no fair value measurement or 19 anything. These were just accounting entries 20 for the promissory notes. There is no analysis	1 WATERHOUSE - 10-19-21 2 Highland? 3 A. Yes, we did do impairment analysis 4 on – on assets. 5 Q. Okay. Did you ever do an impairment 6 analysis on any of the promissory notes that 7 were given to Highland by any of the affiliates 8 or Mr. Dondero? 9 A. Not that I recall. 10 Q. Under what circumstances do you 11 prepare impairment analyses? 12 A. As – as – if you're preparing 13 financials in accordance with GAAP, generally 14 accepted accounting principles, if you're 15 preparing – you should be undergoing on a 16 periodic basis any fair market value 17 adjustments to assets. 18 As I was instructed at the time of 19 the petition date, we weren't producing GAAP
1 WATERHOUSE - 10-19-21 2 Q. Okay. 3 A. You know, but as of the time of this 4 filing, that is what was put in this filing, 5 right, but, you know, I mean, numbers — 6 numbers change, facts and circumstances change. 7 Q. But as the CFO of Highland, the 8 debtor in bankruptcy, did you believe that this 9 number accurately reflected the total amount 10 due under the notes receivable? 11 A. That is what we had in our books and 12 records. 13 Q. Okay. And did you believe as the 14 CFO that the books and records accurately 15 reported the then value of the debtor's assets? 16 MS. DANDENEAU: Objection to form. 17 A. We didn't — as part of this filing, 18 there was no fair value measurement or 19 anything. These were just accounting entries 20 for the promissory notes. There is no analysis 21 for impairment or fair market value adjustments	1 WATERHOUSE - 10-19-21 2 Highland? 3 A. Yes, we did do impairment analysis 4 on – on assets. 5 Q. Okay. Did you ever do an impairment 6 analysis on any of the promissory notes that 7 were given to Highland by any of the affiliates 8 or Mr. Dondero? 9 A. Not that I recall. 10 Q. Under what circumstances do you 11 prepare impairment analyses? 12 A. As – as – if you're preparing 13 financials in accordance with GAAP, generally 14 accepted accounting principles, if you're 15 preparing full GAAP financials, you should be 16 preparing – you should be undergoing on a 17 periodic basis any fair market value 18 adjustments to assets. 19 As I was instructed at the time of 20 the petition date, we weren't producing GAAP 21 financials. So this wasn't something I was
1 WATERHOUSE - 10-19-21 2 Q. Okay. 3 A. You know, but as of the time of this 4 filing, that is what was put in this filing, 5 right, but, you know, I mean, numbers — 6 numbers change, facts and circumstances change. 7 Q. But as the CFO of Highland, the 8 debtor in bankruptcy, did you believe that this 9 number accurately reflected the total amount 10 due under the notes receivable? 11 A. That is what we had in our books and 12 records. 13 Q. Okay. And did you believe as the 14 CFO that the books and records accurately 15 reported the then value of the debtor's assets? 16 MS. DANDENEAU: Objection to form. 17 A. We didn't — as part of this filing, 18 there was no fair value measurement or 19 anything. These were just accounting entries 20 for the promissory notes. There is no analysis 21 for impairment or fair market value adjustments 22 or anything of that nature. This is purely	Highland? A. Yes, we did do impairment analysis on – on assets. Q. Okay. Did you ever do an impairment analysis on any of the promissory notes that were given to Highland by any of the affiliates or Mr. Dondero? A. Not that I recall. Q. Under what circumstances do you prepare impairment analyses? A. As – as – if you're preparing financials in accordance with GAAP, generally accepted accounting principles, if you're preparing full GAAP financials, you should be preparing – you should be undergoing on a periodic basis any fair market value adjustments to assets. As I was instructed at the time of the petition date, we weren't producing GAAP financials. So this wasn't something I was worried about nor concerned about.
1 WATERHOUSE - 10-19-21 2 Q. Okay. 3 A. You know, but as of the time of this 4 filing, that is what was put in this filing, 5 right, but, you know, I mean, numbers — 6 numbers change, facts and circumstances change. 7 Q. But as the CFO of Highland, the 8 debtor in bankruptcy, did you believe that this 9 number accurately reflected the total amount 10 due under the notes receivable? 11 A. That is what we had in our books and 12 records. 13 Q. Okay. And did you believe as the 14 CFO that the books and records accurately 15 reported the then value of the debtor's assets? 16 MS. DANDENEAU: Objection to form. 17 A. We didn't — as part of this filing, 18 there was no fair value measurement or 19 anything. These were just accounting entries 20 for the promissory notes. There is no analysis 21 for impairment or fair market value adjustments 22 or anything of that nature. This is purely 23 taking numbers and putting them in our form.	1 WATERHOUSE - 10-19-21 2 Highland? 3 A. Yes, we did do impairment analysis 4 on – on assets. 5 Q. Okay. Did you ever do an impairment 6 analysis on any of the promissory notes that 7 were given to Highland by any of the affiliates 8 or Mr. Dondero? 9 A. Not that I recall. 10 Q. Under what circumstances do you 11 prepare impairment analyses? 12 A. As – as – if you're preparing 13 financials in accordance with GAAP, generally 14 accepted accounting principles, if you're 15 preparing full GAAP financials, you should be 16 preparing – you should be undergoing on a 17 periodic basis any fair market value 18 adjustments to assets. 19 As I was instructed at the time of 10 the petition date, we weren't producing GAAP 10 financials. So this wasn't something I was 11 worried about nor concerned about. 12 Q. Okay. Were NexPoint and HCMFA and
WATERHOUSE - 10-19-21 Q. Okay. A. You know, but as of the time of this filing, that is what was put in this filing, right, but, you know, I mean, numbers — numbers change, facts and circumstances change. Q. But as the CFO of Highland, the debtor in bankruptcy, did you believe that this number accurately reflected the total amount due under the notes receivable? A. That is what we had in our books and records. Q. Okay. And did you believe as the CFO that the books and records accurately reported the then value of the debtor's assets? MS. DANDENEAU: Objection to form. A. We didn't — as part of this filing, there was no fair value measurement or anything. These were just accounting entries for the promissory notes. There is no analysis for impairment or fair market value adjustments or anything of that nature. This is purely taking numbers and putting them in our form.	WATERHOUSE - 10-19-21 Highland? A. Yes, we did do impairment analysis on – on assets. Q. Okay. Did you ever do an impairment analysis on any of the promissory notes that were given to Highland by any of the affiliates or Mr. Dondero? A. Not that I recall. Q. Under what circumstances do you prepare impairment analyses? A. As – as – if you're preparing financials in accordance with GAAP, generally accepted accounting principles, if you're preparing full GAAP financials, you should be preparing – you should be undergoing on a periodic basis any fair market value adjustments to assets. As I was instructed at the time of the petition date, we weren't producing GAAP financials. So this wasn't something I was worried about nor concerned about. Q. Okay. Were NexPoint and HCMFA and

1 WATERHOUSE - 10-19-21	Page 242 1 WATERHOUSE	Page 243
2 A. The audited financials – yes,	2 A. Correct.	10-19-21
3 audited financial statements are prepared in	3 Q. Okay. To the bes	t of your
4 accordance with GAAP.	4 knowledge, as Highland's	-
5 Q. Do you recall whether any of	5 make any fair market value	_
6 Highland or HCMFA or NexPoint ever made a fair	6 of the promissory notes the	-
7 market value adjustment to any of the notes	7 its balance sheet and that	
8 issued by any of the affiliates or Mr. Dondero	8 of the affiliates or Mr. Dono	• •
9 to Highland?	9 A. I think I answered	
10 A. I do not recall that happening, but	10 earlier. I don't recall doing	•
11 the – it is because under – under GAAP,	11 the – those – those notes	•
12 the – the treatment of liabilities is	12 included the audit for the -	
13 different than assets.	13 period.	-101 the 2010
14 Q. Okay. So then let's just focus on	14 Q. Okay.	
15 Highland's audited financial statements.		an we go to the next
16 The last audited financial		an we go to the heat
17 statements were for the period ending December	16 page. 17 Q. Do you see this is	a note a list of
18 31st, 2018; correct?	18 notes receivable? Do you	
19 A. That is my understanding.	19 A. Yes, I do.	1 300 tilat:
20 Q. And you had – you had an obligation	20 Q. And do you see the	nat this ties into
21 to disclose anything to PricewaterhouseCoopers	21 the page that we were jus	
22 concerning any subsequent events between the	22 A. I'm sorry, can we	_
23 end of 2018 and June 3rd, 2019; correct?	23 prior page? I mean, it was	_
24 MS. DANDENEAU: Objection to form.	24 was on the prior page. No	
25 MS. DEITSCH-PEREZ: Form.	25 agrees.	5.K pago. 100, K
1 WATERHOUSE - 10-19-21	Page 244 1 WATERHOUSE	Page 245 - 10-19-21
2 Q. Okay. So now let's look at that	2 involved in the decision to	
3 schedule. So this was the face amount of all	3 Mountain Investment Trus	
4 of the promissory notes that Highland held at	4 A. I was not.	
5 the time this document was filed with the	5 Q. Do you know why	Highland decided to
6 bankruptcy court; right?		=
	6 reserve for the Hunter Mou	ıntain Investment
7 A. Yes.	6 reserve for the Hunter Mou 7 Trust note?	ıntain Investment
	7 Trust note? 8 A. I don't know yet de	ecision was made.
8 Q. There is a footnote there that says,	7 Trust note? 8 A. I don't know yet de	ecision was made. omeone at DSI.
Q. There is a footnote there that says, doubtful or uncollectible accounts are	7 Trust note? 8 A. I don't know yet de 9 I believe it was made by so	ecision was made. omeone at DSI.
 Q. There is a footnote there that says, doubtful or uncollectible accounts are evaluated at year-end. 	7 Trust note? 8 A. I don't know yet de 9 I believe it was made by so 10 Q. Okay. I'm just as	ecision was made. omeone at DSI. king if you know
 Q. There is a footnote there that says, doubtful or uncollectible accounts are evaluated at year-end. Do you see that? 	7 Trust note? 8 A. I don't know yet de 9 I believe it was made by so 10 Q. Okay. I'm just as 11 why.	ecision was made. omeone at DSI. king if you know nyone why they
8 Q. There is a footnote there that says, 9 doubtful or uncollectible accounts are 10 evaluated at year-end. 11 Do you see that? 12 A. I do.	7 Trust note? 8 A. I don't know yet de 9 I believe it was made by so 10 Q. Okay. I'm just as 11 why. 12 Did you ever ask a	ecision was made. omeone at DSI. king if you know nyone why they
 Q. There is a footnote there that says, doubtful or uncollectible accounts are evaluated at year-end. Do you see that? A. I do. Q. Okay. And is it fair to say that as 	7 Trust note? 8 A. I don't know yet de 9 I believe it was made by so 10 Q. Okay. I'm just as 11 why. 12 Did you ever ask a 13 reserved for that particular	ecision was made. omeone at DSI. king if you know nyone why they note?
8 Q. There is a footnote there that says, 9 doubtful or uncollectible accounts are 10 evaluated at year-end. 11 Do you see that? 12 A. I do. 13 Q. Okay. And is it fair to say that as 14 of the year-end 2018, the year before this,	7 Trust note? 8 A. I don't know yet de 9 I believe it was made by so 10 Q. Okay. I'm just as 11 why. 12 Did you ever ask a 13 reserved for that particular 14 A. I don't recall.	ecision was made. omeone at DSI. king if you know nyone why they note? ether the debtor
8 Q. There is a footnote there that says, 9 doubtful or uncollectible accounts are 10 evaluated at year-end. 11 Do you see that? 12 A. I do. 13 Q. Okay. And is it fair to say that as 14 of the year-end 2018, the year before this, 15 that to the extent any of these notes were	7 Trust note? 8 A. I don't know yet de 9 I believe it was made by so 10 Q. Okay. I'm just as 11 why. 12 Did you ever ask a 13 reserved for that particular 14 A. I don't recall.	ecision was made. omeone at DSI. king if you know nyone why they note? ether the debtor
8 Q. There is a footnote there that says, 9 doubtful or uncollectible accounts are 10 evaluated at year-end. 11 Do you see that? 12 A. I do. 13 Q. Okay. And is it fair to say that as 14 of the year-end 2018, the year before this, 15 that to the extent any of these notes were 16 outstanding at that time, they weren't deemed	7 Trust note? 8 A. I don't know yet de 9 I believe it was made by so 10 Q. Okay. I'm just as 11 why. 12 Did you ever ask a 13 reserved for that particular 14 A. I don't recall. 15 Q. Do you know who 16 reserved for any other not	ecision was made. In properties of the propertie
8 Q. There is a footnote there that says, 9 doubtful or uncollectible accounts are 10 evaluated at year-end. 11 Do you see that? 12 A. I do. 13 Q. Okay. And is it fair to say that as 14 of the year-end 2018, the year before this, 15 that to the extent any of these notes were 16 outstanding at that time, they weren't deemed 17 to be doubtful or uncollectible?	7 Trust note? 8 A. I don't know yet de 9 I believe it was made by so 10 Q. Okay. I'm just as 11 why. 12 Did you ever ask a 13 reserved for that particular 14 A. I don't recall. 15 Q. Do you know whe 16 reserved for any other not 17 the bankruptcy?	ecision was made. In properties of the propertie
8 Q. There is a footnote there that says, 9 doubtful or uncollectible accounts are 10 evaluated at year-end. 11 Do you see that? 12 A. I do. 13 Q. Okay. And is it fair to say that as 14 of the year-end 2018, the year before this, 15 that to the extent any of these notes were 16 outstanding at that time, they weren't deemed 17 to be doubtful or uncollectible? 18 A. Yeah. For the 2018 audit, there	7 Trust note? 8 A. I don't know yet de 9 I believe it was made by so 10 Q. Okay. I'm just as 11 why. 12 Did you ever ask a 13 reserved for that particular 14 A. I don't recall. 15 Q. Do you know who 16 reserved for any other not 17 the bankruptcy? 18 A. Again, I don't recal	ecision was made. In property of the property
8 Q. There is a footnote there that says, 9 doubtful or uncollectible accounts are 10 evaluated at year-end. 11 Do you see that? 12 A. I do. 13 Q. Okay. And is it fair to say that as 14 of the year-end 2018, the year before this, 15 that to the extent any of these notes were 16 outstanding at that time, they weren't deemed 17 to be doubtful or uncollectible? 18 A. Yeah. For the 2018 audit, there 19 weren't any – there weren't any adjustments to	7 Trust note? 8 A. I don't know yet de 9 I believe it was made by so 10 Q. Okay. I'm just as 11 why. 12 Did you ever ask a 13 reserved for that particular 14 A. I don't recall. 15 Q. Do you know whe 16 reserved for any other not 17 the bankruptcy? 18 A. Again, I don't recal 19 part of any process of – as	ecision was made. In property of the control of the
8 Q. There is a footnote there that says, 9 doubtful or uncollectible accounts are 10 evaluated at year-end. 11 Do you see that? 12 A. I do. 13 Q. Okay. And is it fair to say that as 14 of the year-end 2018, the year before this, 15 that to the extent any of these notes were 16 outstanding at that time, they weren't deemed 17 to be doubtful or uncollectible? 18 A. Yeah. For the 2018 audit, there 19 weren't any – there weren't any adjustments to 20 fair value.	7 Trust note? 8 A. I don't know yet de 9 I believe it was made by so 10 Q. Okay. I'm just as 11 why. 12 Did you ever ask a 13 reserved for that particular 14 A. I don't recall. 15 Q. Do you know who 16 reserved for any other not 17 the bankruptcy? 18 A. Again, I don't recal 19 part of any process of — a 20 value adjustments or anytone in the part of any process of a 20 value adjustments or anytone 20 value 20 v	ecision was made. In properties of the propertie
8 Q. There is a footnote there that says, 9 doubtful or uncollectible accounts are 10 evaluated at year-end. 11 Do you see that? 12 A. I do. 13 Q. Okay. And is it fair to say that as 14 of the year-end 2018, the year before this, 15 that to the extent any of these notes were 16 outstanding at that time, they weren't deemed 17 to be doubtful or uncollectible? 18 A. Yeah. For the 2018 audit, there 19 weren't any – there weren't any adjustments to 20 fair value. 21 Q. Okay. And during the bankruptcy, do	7 Trust note? 8 A. I don't know yet de 9 I believe it was made by so 10 Q. Okay. I'm just as 11 why. 12 Did you ever ask a 13 reserved for that particular 14 A. I don't recall. 15 Q. Do you know who 16 reserved for any other not 17 the bankruptcy? 18 A. Again, I don't recal 19 part of any process of — a 20 value adjustments or anyt 21 Like I said, a lot of that wa 22 it was kind of out of our co 23 Q. Okay. Do you know yet de 19 part of 20 value adjustments or anyt 21 Like I said, a lot of that wa 22 it was kind of out of our co 23 Q. Okay. Do you know yet de 20 value adjustments or anyt 21 Like I said, a lot of that wa 22 it was kind of out of our co 23 Q. Okay. Do you know yet de 25 value adjustments or anyt 26 value 27 value 28 value 29	ecision was made. In property of the property
8 Q. There is a footnote there that says, 9 doubtful or uncollectible accounts are 10 evaluated at year-end. 11 Do you see that? 12 A. I do. 13 Q. Okay. And is it fair to say that as 14 of the year-end 2018, the year before this, 15 that to the extent any of these notes were 16 outstanding at that time, they weren't deemed 17 to be doubtful or uncollectible? 18 A. Yeah. For the 2018 audit, there 19 weren't any – there weren't any adjustments to 20 fair value. 21 Q. Okay. And during the bankruptcy, do 22 you recall that Highland subsequently reserved 23 for the Hunter Mountain Investment Trust note? 24 A. Yes.	7 Trust note? 8 A. I don't know yet de 9 I believe it was made by so 10 Q. Okay. I'm just as 11 why. 12 Did you ever ask a 13 reserved for that particular 14 A. I don't recall. 15 Q. Do you know who 16 reserved for any other not 17 the bankruptcy? 18 A. Again, I don't recal 19 part of any process of — a 20 value adjustments or anyt 21 Like I said, a lot of that wa 22 it was kind of out of our co 23 Q. Okay. Do you know yet a 24 receivable on this list was	ecision was made. In property of the property
8 Q. There is a footnote there that says, 9 doubtful or uncollectible accounts are 10 evaluated at year-end. 11 Do you see that? 12 A. I do. 13 Q. Okay. And is it fair to say that as 14 of the year-end 2018, the year before this, 15 that to the extent any of these notes were 16 outstanding at that time, they weren't deemed 17 to be doubtful or uncollectible? 18 A. Yeah. For the 2018 audit, there 19 weren't any – there weren't any adjustments to 20 fair value. 21 Q. Okay. And during the bankruptcy, do 22 you recall that Highland subsequently reserved 23 for the Hunter Mountain Investment Trust note?	7 Trust note? 8 A. I don't know yet de 9 I believe it was made by so 10 Q. Okay. I'm just as 11 why. 12 Did you ever ask a 13 reserved for that particular 14 A. I don't recall. 15 Q. Do you know who 16 reserved for any other not 17 the bankruptcy? 18 A. Again, I don't recal 19 part of any process of — a 20 value adjustments or anyt 21 Like I said, a lot of that wa 22 it was kind of out of our co 23 Q. Okay. Do you know yet de 19 part of 20 value adjustments or anyt 21 Like I said, a lot of that wa 22 it was kind of out of our co 23 Q. Okay. Do you know yet de 20 value adjustments or anyt 21 Like I said, a lot of that wa 22 it was kind of out of our co 23 Q. Okay. Do you know yet de 25 value adjustments or anyt 26 value 27 value 28 value 29	ecision was made. In property of the property

_				
1	Page 246 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 247
2	A. I don't – I don't have a	2	A. I don't recall. I mean, it may have	
3	recollection of every filing, so I don't know.	3	happened, you know, again, when we initially	
4	Q. Did you ever have a discussion with	4	getting DSI up to speed and going through	
1	anybody at any time about whether any of the	5	financials, it may have happened, but I don't	
1	notes receivable on this list should be deemed	6	recall specifically.	
1	to be doubtful or uncollectible?	7	Q. While you were the CFO of Highland	
8	A. No. As I previously stated, we were	8	during the time that the company was in	
1	told we didn't have to keep GAAP financials.	9	bankruptcy, did you have any reason to believe	
10	We weren't having – you know, there is no	10	that any of the notes receivable on this list	
11	underlying audits being performed, so I mean,	11	other than Hunter Mountain Investment Trust	
12	it wasn't something I worried about.	12	should have been characterized as doubtful or	
13	MR. MORRIS: I move to strike.	13	uncollectible?	
14	Q. Did you ever have a conversation	14		
1	•	15	MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Form.	
15	with anybody about any of the notes receivable			
16	and whether they should be deemed to be	16	A. I didn't know. I didn't form an	
17	doubtful or uncollectible? Did you have the	17	opinion. Bankruptcy was new to me. It still	
18	conversation, yes or no?	18	is new to me, even after going through this.	
19	MS. DANDENEAU: Objection to form.	19	So I really didn't know what to expect nor	
20	A. I don't recall.	20	really – you know, I didn't know.	
21	Q. Do you recall ever telling anybody	21	MR. MORRIS: I move to strike.	
22	that you believed any of the notes receivable	22	Q. During the period of Highland's	
23	on this list should be doubtful – should be	23	bankruptcy when you were serving as CFO, did	
24	deemed to be doubtful or uncollectible?	24	you have any reason to believe any of the notes	
25	MS. DANDENEAU: Objection to form.	25	on this list were doubtful or uncollectible?	
	Page 248		MATERIA (10 40 04	Page 249
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 249
2	WATERHOUSE - 10-19-21 MS. DEITSCH-PEREZ: This is like the	2	receivable on this list were doubtful or	Page 249
2 3	WATERHOUSE - 10-19-21 MS. DEITSCH-PEREZ: This is like the fifth time you've asked it. Object to the	3	receivable on this list were doubtful or uncollectible?	Page 249
2 3 4	WATERHOUSE - 10-19-21 MS. DEITSCH-PEREZ: This is like the fifth time you've asked it. Object to the form.	2 3 4	receivable on this list were doubtful or uncollectible? MS. DEITSCH-PEREZ: Object to the	Page 249
2 3 4 5	WATERHOUSE - 10-19-21 MS. DEITSCH-PEREZ: This is like the fifth time you've asked it. Object to the form. MR. MORRIS: I'm moving to strike,	2 3 4 5	receivable on this list were doubtful or uncollectible? MS. DEITSCH-PEREZ: Object to the form.	Page 249
2 3 4 5 6	WATERHOUSE - 10-19-21 MS. DEITSCH-PEREZ: This is like the fifth time you've asked it. Object to the form. MR. MORRIS: I'm moving to strike, if you haven't noticed, because he's not	2 3 4 5 6	receivable on this list were doubtful or uncollectible? MS. DEITSCH-PEREZ: Object to the form. A. Potentially.	Page 249
2 3 4 5 6 7	WATERHOUSE - 10-19-21 MS. DEITSCH-PEREZ: This is like the fifth time you've asked it. Object to the form. MR. MORRIS: I'm moving to strike, if you haven't noticed, because he's not answering the question.	2 3 4 5 6 7	receivable on this list were doubtful or uncollectible? MS. DEITSCH-PEREZ: Object to the form. A. Potentially. Q. Did you ever tell anybody that?	Page 249
2 3 4 5 6 7 8	WATERHOUSE - 10-19-21 MS. DEITSCH-PEREZ: This is like the fifth time you've asked it. Object to the form. MR. MORRIS: I'm moving to strike, if you haven't noticed, because he's not answering the question. MS. DEITSCH-PEREZ: He was answering	2 3 4 5 6 7 8	receivable on this list were doubtful or uncollectible? MS. DEITSCH-PEREZ: Object to the form. A. Potentially. Q. Did you ever tell anybody that? A. As I just stated like five times,	Page 249
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 MS. DEITSCH-PEREZ: This is like the fifth time you've asked it. Object to the form. MR. MORRIS: I'm moving to strike, if you haven't noticed, because he's not answering the question. MS. DEITSCH-PEREZ: He was answering the question, you just didn't like it, like	2 3 4 5 6 7 8 9	receivable on this list were doubtful or uncollectible? MS. DEITSCH-PEREZ: Object to the form. A. Potentially. Q. Did you ever tell anybody that? A. As I just stated like five times, yes, we – at the beginning after filing and we	Page 249
2 3 4 5 6 7 8 9 10	WATERHOUSE - 10-19-21 MS. DEITSCH-PEREZ: This is like the fifth time you've asked it. Object to the form. MR. MORRIS: I'm moving to strike, if you haven't noticed, because he's not answering the question. MS. DEITSCH-PEREZ: He was answering the question, you just didn't like it, like the answer.	2 3 4 5 6 7 8 9 10	receivable on this list were doubtful or uncollectible? MS. DEITSCH-PEREZ: Object to the form. A. Potentially. Q. Did you ever tell anybody that? A. As I just stated like five times, yes, we – at the beginning after filing and we were getting DSI and others up to speed, you	Page 249
2 3 4 5 6 7 8 9 10	WATERHOUSE - 10-19-21 MS. DEITSCH-PEREZ: This is like the fifth time you've asked it. Object to the form. MR. MORRIS: I'm moving to strike, if you haven't noticed, because he's not answering the question. MS. DEITSCH-PEREZ: He was answering the question, you just didn't like it, like the answer. MR. MORRIS: Good Lord.	2 3 4 5 6 7 8 9 10 11	receivable on this list were doubtful or uncollectible? MS. DEITSCH-PEREZ: Object to the form. A. Potentially. Q. Did you ever tell anybody that? A. As I just stated like five times, yes, we — at the beginning after filing and we were getting DSI and others up to speed, you know, we had a myriad of discussions of a lot	Page 249
2 3 4 5 6 7 8 9 10 11 12	WATERHOUSE - 10-19-21 MS. DEITSCH-PEREZ: This is like the fifth time you've asked it. Object to the form. MR. MORRIS: I'm moving to strike, if you haven't noticed, because he's not answering the question. MS. DEITSCH-PEREZ: He was answering the question, you just didn't like it, like the answer. MR. MORRIS: Good Lord. Q. Go ahead, Mr. Waterhouse.	2 3 4 5 6 7 8 9 10 11 12	receivable on this list were doubtful or uncollectible? MS. DEITSCH-PEREZ: Object to the form. A. Potentially. Q. Did you ever tell anybody that? A. As I just stated like five times, yes, we – at the beginning after filing and we were getting DSI and others up to speed, you know, we had a myriad of discussions of a lot of things and this was likely one of them. I	Page 249
2 3 4 5 6 7 8 9 10 11 12 13	WATERHOUSE - 10-19-21 MS. DEITSCH-PEREZ: This is like the fifth time you've asked it. Object to the form. MR. MORRIS: I'm moving to strike, if you haven't noticed, because he's not answering the question. MS. DEITSCH-PEREZ: He was answering the question, you just didn't like it, like the answer. MR. MORRIS: Good Lord. Q. Go ahead, Mr. Waterhouse. A. Again, I don't – we brought up a	2 3 4 5 6 7 8 9 10 11 12 13	receivable on this list were doubtful or uncollectible? MS. DEITSCH-PEREZ: Object to the form. A. Potentially. Q. Did you ever tell anybody that? A. As I just stated like five times, yes, we – at the beginning after filing and we were getting DSI and others up to speed, you know, we had a myriad of discussions of a lot of things and this was likely one of them. I don't – but I don't recall specifically we	Page 249
2 3 4 5 6 7 8 9 10 11 12 13 14	WATERHOUSE - 10-19-21 MS. DEITSCH-PEREZ: This is like the fifth time you've asked it. Object to the form. MR. MORRIS: I'm moving to strike, if you haven't noticed, because he's not answering the question. MS. DEITSCH-PEREZ: He was answering the question, you just didn't like it, like the answer. MR. MORRIS: Good Lord. Q. Go ahead, Mr. Waterhouse. A. Again, I don't – we brought up a myriad of issues at the start of the bankruptcy	2 3 4 5 6 7 8 9 10 11 12 13 14	receivable on this list were doubtful or uncollectible? MS. DEITSCH-PEREZ: Object to the form. A. Potentially. Q. Did you ever tell anybody that? A. As I just stated like five times, yes, we — at the beginning after filing and we were getting DSI and others up to speed, you know, we had a myriad of discussions of a lot of things and this was likely one of them. I don't — but I don't recall specifically we talked —	Page 249
2 3 4 5 6 7 8 9 10 11 12 13	WATERHOUSE - 10-19-21 MS. DEITSCH-PEREZ: This is like the fifth time you've asked it. Object to the form. MR. MORRIS: I'm moving to strike, if you haven't noticed, because he's not answering the question. MS. DEITSCH-PEREZ: He was answering the question, you just didn't like it, like the answer. MR. MORRIS: Good Lord. Q. Go ahead, Mr. Waterhouse. A. Again, I don't – we brought up a myriad of issues at the start of the bankruptcy case. I don't recall if this was one of them,	2 3 4 5 6 7 8 9 10 11 12 13	receivable on this list were doubtful or uncollectible? MS. DEITSCH-PEREZ: Object to the form. A. Potentially. Q. Did you ever tell anybody that? A. As I just stated like five times, yes, we – at the beginning after filing and we were getting DSI and others up to speed, you know, we had a myriad of discussions of a lot of things and this was likely one of them. I don't – but I don't recall specifically we talked – Q. I don't want to know – I don't want	Page 249
2 3 4 5 6 7 8 9 10 11 12 13 14	WATERHOUSE - 10-19-21 MS. DEITSCH-PEREZ: This is like the fifth time you've asked it. Object to the form. MR. MORRIS: I'm moving to strike, if you haven't noticed, because he's not answering the question. MS. DEITSCH-PEREZ: He was answering the question, you just didn't like it, like the answer. MR. MORRIS: Good Lord. Q. Go ahead, Mr. Waterhouse. A. Again, I don't – we brought up a myriad of issues at the start of the bankruptcy case. I don't recall if this was one of them, but, again, there are a lot of things we	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	receivable on this list were doubtful or uncollectible? MS. DEITSCH-PEREZ: Object to the form. A. Potentially. Q. Did you ever tell anybody that? A. As I just stated like five times, yes, we – at the beginning after filing and we were getting DSI and others up to speed, you know, we had a myriad of discussions of a lot of things and this was likely one of them. I don't – but I don't recall specifically we talked – Q. I don't want to know – I don't want to know what was –	Page 249
2 3 4 5 6 7 8 9 10 11 12 13 14 15	WATERHOUSE - 10-19-21 MS. DEITSCH-PEREZ: This is like the fifth time you've asked it. Object to the form. MR. MORRIS: I'm moving to strike, if you haven't noticed, because he's not answering the question. MS. DEITSCH-PEREZ: He was answering the question, you just didn't like it, like the answer. MR. MORRIS: Good Lord. Q. Go ahead, Mr. Waterhouse. A. Again, I don't — we brought up a myriad of issues at the start of the bankruptcy case. I don't recall if this was one of them, but, again, there are a lot of things we couldn't change. Even, you know, I was told	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	receivable on this list were doubtful or uncollectible? MS. DEITSCH-PEREZ: Object to the form. A. Potentially. Q. Did you ever tell anybody that? A. As I just stated like five times, yes, we – at the beginning after filing and we were getting DSI and others up to speed, you know, we had a myriad of discussions of a lot of things and this was likely one of them. I don't – but I don't recall specifically we talked – Q. I don't want to know – I don't want to know what was – MS. DEITSCH-PEREZ: Wait, wait.	Page 249
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	WATERHOUSE - 10-19-21 MS. DEITSCH-PEREZ: This is like the fifth time you've asked it. Object to the form. MR. MORRIS: I'm moving to strike, if you haven't noticed, because he's not answering the question. MS. DEITSCH-PEREZ: He was answering the question, you just didn't like it, like the answer. MR. MORRIS: Good Lord. Q. Go ahead, Mr. Waterhouse. A. Again, I don't – we brought up a myriad of issues at the start of the bankruptcy case. I don't recall if this was one of them, but, again, there are a lot of things we couldn't change. Even, you know, I was told status quo, blah, blah, blah, right, there is a	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	receivable on this list were doubtful or uncollectible? MS. DEITSCH-PEREZ: Object to the form. A. Potentially. Q. Did you ever tell anybody that? A. As I just stated like five times, yes, we – at the beginning after filing and we were getting DSI and others up to speed, you know, we had a myriad of discussions of a lot of things and this was likely one of them. I don't – but I don't recall specifically we talked – Q. I don't want to know – I don't want to know what was – MS. DEITSCH-PEREZ: Wait, wait. Excuse me. Mr. Morris, you did not let him	Page 249
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	WATERHOUSE - 10-19-21 MS. DEITSCH-PEREZ: This is like the fifth time you've asked it. Object to the form. MR. MORRIS: I'm moving to strike, if you haven't noticed, because he's not answering the question. MS. DEITSCH-PEREZ: He was answering the question, you just didn't like it, like the answer. MR. MORRIS: Good Lord. Q. Go ahead, Mr. Waterhouse. A. Again, I don't – we brought up a myriad of issues at the start of the bankruptcy case. I don't recall if this was one of them, but, again, there are a lot of things we couldn't change. Even, you know, I was told status quo, blah, blah, blah, right, there is a stay, you can't – you know, I don't recall	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	receivable on this list were doubtful or uncollectible? MS. DEITSCH-PEREZ: Object to the form. A. Potentially. Q. Did you ever tell anybody that? A. As I just stated like five times, yes, we – at the beginning after filing and we were getting DSI and others up to speed, you know, we had a myriad of discussions of a lot of things and this was likely one of them. I don't – but I don't recall specifically we talked – Q. I don't want to know – I don't want to know what was – MS. DEITSCH-PEREZ: Wait, wait. Excuse me. Mr. Morris, you did not let him finish his answer.	Page 249
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	WATERHOUSE - 10-19-21 MS. DEITSCH-PEREZ: This is like the fifth time you've asked it. Object to the form. MR. MORRIS: I'm moving to strike, if you haven't noticed, because he's not answering the question. MS. DEITSCH-PEREZ: He was answering the question, you just didn't like it, like the answer. MR. MORRIS: Good Lord. Q. Go ahead, Mr. Waterhouse. A. Again, I don't – we brought up a myriad of issues at the start of the bankruptcy case. I don't recall if this was one of them, but, again, there are a lot of things we couldn't change. Even, you know, I was told status quo, blah, blah, blah, right, there is a	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	receivable on this list were doubtful or uncollectible? MS. DEITSCH-PEREZ: Object to the form. A. Potentially. Q. Did you ever tell anybody that? A. As I just stated like five times, yes, we — at the beginning after filing and we were getting DSI and others up to speed, you know, we had a myriad of discussions of a lot of things and this was likely one of them. I don't — but I don't recall specifically we talked — Q. I don't want to know — I don't want to know what was — MS. DEITSCH-PEREZ: Wait, wait. Excuse me. Mr. Morris, you did not let him finish his answer. A. I spoke — we had — we were	Page 249
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	WATERHOUSE - 10-19-21 MS. DEITSCH-PEREZ: This is like the fifth time you've asked it. Object to the form. MR. MORRIS: I'm moving to strike, if you haven't noticed, because he's not answering the question. MS. DEITSCH-PEREZ: He was answering the question, you just didn't like it, like the answer. MR. MORRIS: Good Lord. Q. Go ahead, Mr. Waterhouse. A. Again, I don't – we brought up a myriad of issues at the start of the bankruptcy case. I don't recall if this was one of them, but, again, there are a lot of things we couldn't change. Even, you know, I was told status quo, blah, blah, blah, right, there is a stay, you can't – you know, I don't recall	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	receivable on this list were doubtful or uncollectible? MS. DEITSCH-PEREZ: Object to the form. A. Potentially. Q. Did you ever tell anybody that? A. As I just stated like five times, yes, we – at the beginning after filing and we were getting DSI and others up to speed, you know, we had a myriad of discussions of a lot of things and this was likely one of them. I don't – but I don't recall specifically we talked – Q. I don't want to know – I don't want to know what was – MS. DEITSCH-PEREZ: Wait, wait. Excuse me. Mr. Morris, you did not let him finish his answer. A. I spoke – we had – we were bringing Fred Karesa and Brad Sharp (phonetic)	Page 249
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	WATERHOUSE - 10-19-21 MS. DEITSCH-PEREZ: This is like the fifth time you've asked it. Object to the form. MR. MORRIS: I'm moving to strike, if you haven't noticed, because he's not answering the question. MS. DEITSCH-PEREZ: He was answering the question, you just didn't like it, like the answer. MR. MORRIS: Good Lord. Q. Go ahead, Mr. Waterhouse. A. Again, I don't — we brought up a myriad of issues at the start of the bankruptcy case. I don't recall if this was one of them, but, again, there are a lot of things we couldn't change. Even, you know, I was told status quo, blah, blah, blah, right, there is a stay, you can't — you know, I don't recall specifically, but that doesn't mean it didn't	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	receivable on this list were doubtful or uncollectible? MS. DEITSCH-PEREZ: Object to the form. A. Potentially. Q. Did you ever tell anybody that? A. As I just stated like five times, yes, we – at the beginning after filing and we were getting DSI and others up to speed, you know, we had a myriad of discussions of a lot of things and this was likely one of them. I don't – but I don't recall specifically we talked – Q. I don't want to know – I don't want to know what was – MS. DEITSCH-PEREZ: Wait, wait. Excuse me. Mr. Morris, you did not let him finish his answer. A. I spoke – we had – we were bringing Fred Karesa and Brad Sharp (phonetic) up to speed on all of these items, contracts,	Page 249
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	WATERHOUSE - 10-19-21 MS. DEITSCH-PEREZ: This is like the fifth time you've asked it. Object to the form. MR. MORRIS: I'm moving to strike, if you haven't noticed, because he's not answering the question. MS. DEITSCH-PEREZ: He was answering the question, you just didn't like it, like the answer. MR. MORRIS: Good Lord. Q. Go ahead, Mr. Waterhouse. A. Again, I don't – we brought up a myriad of issues at the start of the bankruptcy case. I don't recall if this was one of them, but, again, there are a lot of things we couldn't change. Even, you know, I was told status quo, blah, blah, blah, right, there is a stay, you can't – you know, I don't recall specifically, but that doesn't mean it didn't happen. MR. MORRIS: I move to strike. Q. During the time that Highland was in	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	receivable on this list were doubtful or uncollectible? MS. DEITSCH-PEREZ: Object to the form. A. Potentially. Q. Did you ever tell anybody that? A. As I just stated like five times, yes, we – at the beginning after filing and we were getting DSI and others up to speed, you know, we had a myriad of discussions of a lot of things and this was likely one of them. I don't – but I don't recall specifically we talked – Q. I don't want to know – I don't want to know what was – MS. DEITSCH-PEREZ: Wait, wait. Excuse me. Mr. Morris, you did not let him finish his answer. A. I spoke – we had – we were bringing Fred Karesa and Brad Sharp (phonetic) up to speed on all of these items, contracts, and investments and going through – we had	Page 249
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	WATERHOUSE - 10-19-21 MS. DEITSCH-PEREZ: This is like the fifth time you've asked it. Object to the form. MR. MORRIS: I'm moving to strike, if you haven't noticed, because he's not answering the question. MS. DEITSCH-PEREZ: He was answering the question, you just didn't like it, like the answer. MR. MORRIS: Good Lord. Q. Go ahead, Mr. Waterhouse. A. Again, I don't – we brought up a myriad of issues at the start of the bankruptcy case. I don't recall if this was one of them, but, again, there are a lot of things we couldn't change. Even, you know, I was told status quo, blah, blah, blah, right, there is a stay, you can't – you know, I don't recall specifically, but that doesn't mean it didn't happen. MR. MORRIS: I move to strike. Q. During the time that Highland was in bankruptcy and you served as CFO, did you have	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	receivable on this list were doubtful or uncollectible? MS. DEITSCH-PEREZ: Object to the form. A. Potentially. Q. Did you ever tell anybody that? A. As I just stated like five times, yes, we – at the beginning after filing and we were getting DSI and others up to speed, you know, we had a myriad of discussions of a lot of things and this was likely one of them. I don't – but I don't recall specifically we talked – Q. I don't want to know – I don't want to know what was – MS. DEITSCH-PEREZ: Wait, wait. Excuse me. Mr. Morris, you did not let him finish his answer. A. I spoke – we had – we were bringing Fred Karesa and Brad Sharp (phonetic) up to speed on all of these items, contracts, and investments and going through – we had hours and hours and hours of discussion. And	Page 249
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	WATERHOUSE - 10-19-21 MS. DEITSCH-PEREZ: This is like the fifth time you've asked it. Object to the form. MR. MORRIS: I'm moving to strike, if you haven't noticed, because he's not answering the question. MS. DEITSCH-PEREZ: He was answering the question, you just didn't like it, like the answer. MR. MORRIS: Good Lord. Q. Go ahead, Mr. Waterhouse. A. Again, I don't – we brought up a myriad of issues at the start of the bankruptcy case. I don't recall if this was one of them, but, again, there are a lot of things we couldn't change. Even, you know, I was told status quo, blah, blah, blah, right, there is a stay, you can't – you know, I don't recall specifically, but that doesn't mean it didn't happen. MR. MORRIS: I move to strike. Q. During the time that Highland was in	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	receivable on this list were doubtful or uncollectible? MS. DEITSCH-PEREZ: Object to the form. A. Potentially. Q. Did you ever tell anybody that? A. As I just stated like five times, yes, we – at the beginning after filing and we were getting DSI and others up to speed, you know, we had a myriad of discussions of a lot of things and this was likely one of them. I don't – but I don't recall specifically we talked – Q. I don't want to know – I don't want to know what was – MS. DEITSCH-PEREZ: Wait, wait. Excuse me. Mr. Morris, you did not let him finish his answer. A. I spoke – we had – we were bringing Fred Karesa and Brad Sharp (phonetic) up to speed on all of these items, contracts, and investments and going through – we had	Page 249

Page 250	Page 25
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
2 once, twice, three, four times with – you	2 to tell what you to do. Do you have -
3 know, I mean, we – I don't – I don't remember	3 MS. DANDENEAU: Good.
4 the sum culmination of all these discussions.	4 Q. Other than other than telling
5 They all kind of blend together.	5 them that they should look at the values, do
6 MR. MORRIS: Okay. I move to strike	6 you have any recollection whatsoever of ever
7 and I will try one more time.	7 having told anybody at DSI that any of the
8 Q. Did you ever tell anybody at DSI	8 notes receivable on this page were doubtful or
9 that you believed any of the notes receivable	9 uncollectible?
10 on this list were doubtful or uncollectible?	10 MS. DEITSCH-PEREZ: Object to the
11 MS. DANDENEAU: Object to form.	11 form.
12 A. Potentially.	12 MS. DANDENEAU: Objection.
13 Q. Potentially you told them or	13 A. I recall having general discussions
14 potentially they were doubtful or	14 about everything on our balance sheet which
15 uncollectible?	15 would have included these – these notes
16 A. Potentially I told them that we	16 receivable.
17 needed to look at the value of these – of	17 Q. Okay.
18 these assets.	18 A. I don't recall specifically where
19 Q. Okay. Did you – okay. It is	19 those discussions delved into.
20 potential that you told them and it is	20 Q. Do you recall any discussion at all
21 potentially that you didn't; right?	21 on the topic of whether any of these notes on
MS. DANDENEAU: Objection to form.	22 this list were doubtful or uncollectible?
23 A. I've gone through that. I don't	23 MR. AIGEN: Mr. Morris, how on earth
24 recall specifically.	24 is that question different from the
25 Q. So you should just – I don't want	25 question that you just asked for the last
Page 252	Page 25
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
1 WATERHOUSE - 10-19-21 2 five times? I mean, really I thought you	 WATERHOUSE - 10-19-21 suggests that he has not testified
1 WATERHOUSE - 10-19-21 2 five times? I mean, really I thought you 3 were – (overspeak.)	 1 WATERHOUSE - 10-19-21 2 suggests that he has not testified 3 truthfully.
 1 WATERHOUSE - 10-19-21 2 five times? I mean, really I thought you 3 were – (overspeak.) 4 MR. MORRIS: Because he never 	 WATERHOUSE - 10-19-21 suggests that he has not testified truthfully. MR. MORRIS: I will ask my question
 1 WATERHOUSE - 10-19-21 2 five times? I mean, really I thought you 3 were – (overspeak.) 4 MR. MORRIS: Because he never 5 answered it. 	 1 WATERHOUSE - 10-19-21 2 suggests that he has not testified 3 truthfully. 4 MR. MORRIS: I will ask my question 5 again. And if at any time you want to
 WATERHOUSE - 10-19-21 five times? I mean, really I thought you were – (overspeak.) MR. MORRIS: Because he never answered it. MS. DEITSCH-PEREZ: Are you 	 WATERHOUSE - 10-19-21 suggests that he has not testified truthfully. MR. MORRIS: I will ask my question again. And if at any time you want to direct him not to answer, that is your
 WATERHOUSE - 10-19-21 five times? I mean, really I thought you were – (overspeak.) MR. MORRIS: Because he never answered it. MS. DEITSCH-PEREZ: Are you listening to him? 	 WATERHOUSE - 10-19-21 suggests that he has not testified truthfully. MR. MORRIS: I will ask my question again. And if at any time you want to direct him not to answer, that is your prerogative.
 WATERHOUSE - 10-19-21 five times? I mean, really I thought you were – (overspeak.) MR. MORRIS: Because he never answered it. MS. DEITSCH-PEREZ: Are you listening to him? MR. MORRIS: You know – 	 WATERHOUSE - 10-19-21 suggests that he has not testified truthfully. MR. MORRIS: I will ask my question again. And if at any time you want to direct him not to answer, that is your prerogative. Q. Mr. Waterhouse, do you have any
 WATERHOUSE - 10-19-21 five times? I mean, really I thought you were – (overspeak.) MR. MORRIS: Because he never answered it. MS. DEITSCH-PEREZ: Are you listening to him? MR. MORRIS: You know – MS. DEITSCH-PEREZ: He basically 	 WATERHOUSE - 10-19-21 suggests that he has not testified truthfully. MR. MORRIS: I will ask my question again. And if at any time you want to direct him not to answer, that is your prerogative. Q. Mr. Waterhouse, do you have any recollection at all of ever telling anybody
 WATERHOUSE - 10-19-21 five times? I mean, really I thought you were – (overspeak.) MR. MORRIS: Because he never answered it. MS. DEITSCH-PEREZ: Are you listening to him? MR. MORRIS: You know – MS. DEITSCH-PEREZ: He basically said that he had a conversation with DSI 	1 WATERHOUSE - 10-19-21 2 suggests that he has not testified 3 truthfully. 4 MR. MORRIS: I will ask my question 5 again. And if at any time you want to 6 direct him not to answer, that is your 7 prerogative. 8 Q. Mr. Waterhouse, do you have any 9 recollection at all of ever telling anybody 10 from DSI that any of these notes were doubtful
 WATERHOUSE - 10-19-21 five times? I mean, really I thought you were – (overspeak.) MR. MORRIS: Because he never answered it. MS. DEITSCH-PEREZ: Are you listening to him? MR. MORRIS: You know – MS. DEITSCH-PEREZ: He basically said that he had a conversation with DSI that went over all of this stuff and that 	1 WATERHOUSE - 10-19-21 2 suggests that he has not testified 3 truthfully. 4 MR. MORRIS: I will ask my question 5 again. And if at any time you want to 6 direct him not to answer, that is your 7 prerogative. 8 Q. Mr. Waterhouse, do you have any 9 recollection at all of ever telling anybody 10 from DSI that any of these notes were doubtful 11 or uncollectible?
1 WATERHOUSE - 10-19-21 2 five times? I mean, really I thought you 3 were – (overspeak.) 4 MR. MORRIS: Because he never 5 answered it. 6 MS. DEITSCH-PEREZ: Are you 7 listening to him? 8 MR. MORRIS: You know – 9 MS. DEITSCH-PEREZ: He basically 10 said that he had a conversation with DSI 11 that went over all of this stuff and that 12 conversation could have included the notes	1 WATERHOUSE - 10-19-21 2 suggests that he has not testified 3 truthfully. 4 MR. MORRIS: I will ask my question 5 again. And if at any time you want to 6 direct him not to answer, that is your 7 prerogative. 8 Q. Mr. Waterhouse, do you have any 9 recollection at all of ever telling anybody 10 from DSI that any of these notes were doubtful 11 or uncollectible? 12 MS. DANDENEAU: Object to form.
1 WATERHOUSE - 10-19-21 2 five times? I mean, really I thought you 3 were – (overspeak.) 4 MR. MORRIS: Because he never 5 answered it. 6 MS. DEITSCH-PEREZ: Are you 7 listening to him? 8 MR. MORRIS: You know – 9 MS. DEITSCH-PEREZ: He basically 10 said that he had a conversation with DSI 11 that went over all of this stuff and that 12 conversation could have included the notes 13 but he doesn't recall specifically.	1 WATERHOUSE - 10-19-21 2 suggests that he has not testified 3 truthfully. 4 MR. MORRIS: I will ask my question 5 again. And if at any time you want to 6 direct him not to answer, that is your 7 prerogative. 8 Q. Mr. Waterhouse, do you have any 9 recollection at all of ever telling anybody 10 from DSI that any of these notes were doubtful 11 or uncollectible? 12 MS. DANDENEAU: Object to form. 13 A. I don't remember specifically.
1 WATERHOUSE - 10-19-21 2 five times? I mean, really I thought you 3 were – (overspeak.) 4 MR. MORRIS: Because he never 5 answered it. 6 MS. DEITSCH-PEREZ: Are you 7 listening to him? 8 MR. MORRIS: You know – 9 MS. DEITSCH-PEREZ: He basically 10 said that he had a conversation with DSI 11 that went over all of this stuff and that 12 conversation could have included the notes 13 but he doesn't recall specifically. 14 What more do you want him – to ask	1 WATERHOUSE - 10-19-21 2 suggests that he has not testified 3 truthfully. 4 MR. MORRIS: I will ask my question 5 again. And if at any time you want to 6 direct him not to answer, that is your 7 prerogative. 8 Q. Mr. Waterhouse, do you have any 9 recollection at all of ever telling anybody 10 from DSI that any of these notes were doubtful 11 or uncollectible? 12 MS. DANDENEAU: Object to form. 13 A. I don't remember specifically. 14 Q. Do you remember generally that
1 WATERHOUSE - 10-19-21 2 five times? I mean, really I thought you 3 were — (overspeak.) 4 MR. MORRIS: Because he never 5 answered it. 6 MS. DEITSCH-PEREZ: Are you 7 listening to him? 8 MR. MORRIS: You know — 9 MS. DEITSCH-PEREZ: He basically 10 said that he had a conversation with DSI 11 that went over all of this stuff and that 12 conversation could have included the notes 13 but he doesn't recall specifically. 14 What more do you want him — to ask 15 of him?	1 WATERHOUSE - 10-19-21 2 suggests that he has not testified 3 truthfully. 4 MR. MORRIS: I will ask my question 5 again. And if at any time you want to 6 direct him not to answer, that is your 7 prerogative. 8 Q. Mr. Waterhouse, do you have any 9 recollection at all of ever telling anybody 10 from DSI that any of these notes were doubtful 11 or uncollectible? 12 MS. DANDENEAU: Object to form. 13 A. I don't remember specifically. 14 Q. Do you remember generally that 15 specific topic?
1 WATERHOUSE - 10-19-21 2 five times? I mean, really I thought you 3 were — (overspeak.) 4 MR. MORRIS: Because he never 5 answered it. 6 MS. DEITSCH-PEREZ: Are you 7 listening to him? 8 MR. MORRIS: You know — 9 MS. DEITSCH-PEREZ: He basically 10 said that he had a conversation with DSI 11 that went over all of this stuff and that 12 conversation could have included the notes 13 but he doesn't recall specifically. 14 What more do you want him — to ask 15 of him? 16 MR. MORRIS: I want him — I would	1 WATERHOUSE - 10-19-21 2 suggests that he has not testified 3 truthfully. 4 MR. MORRIS: I will ask my question 5 again. And if at any time you want to 6 direct him not to answer, that is your 7 prerogative. 8 Q. Mr. Waterhouse, do you have any 9 recollection at all of ever telling anybody 10 from DSI that any of these notes were doubtful 11 or uncollectible? 12 MS. DANDENEAU: Object to form. 13 A. I don't remember specifically. 14 Q. Do you remember generally that 15 specific topic? 16 A. We generally talked about assets,
1 WATERHOUSE - 10-19-21 2 five times? I mean, really I thought you 3 were – (overspeak.) 4 MR. MORRIS: Because he never 5 answered it. 6 MS. DEITSCH-PEREZ: Are you 7 listening to him? 8 MR. MORRIS: You know – 9 MS. DEITSCH-PEREZ: He basically 10 said that he had a conversation with DSI 11 that went over all of this stuff and that 12 conversation could have included the notes 13 but he doesn't recall specifically. 14 What more do you want him – to ask 15 of him? 16 MR. MORRIS: I want him – I would 17 love him to say – I would like him to	1 WATERHOUSE - 10-19-21 2 suggests that he has not testified 3 truthfully. 4 MR. MORRIS: I will ask my question 5 again. And if at any time you want to 6 direct him not to answer, that is your 7 prerogative. 8 Q. Mr. Waterhouse, do you have any 9 recollection at all of ever telling anybody 10 from DSI that any of these notes were doubtful 11 or uncollectible? 12 MS. DANDENEAU: Object to form. 13 A. I don't remember specifically. 14 Q. Do you remember generally that 15 specific topic? 16 A. We generally talked about assets, 17 values. If – we had discussions of that and
1 WATERHOUSE - 10-19-21 2 five times? I mean, really I thought you 3 were – (overspeak.) 4 MR. MORRIS: Because he never 5 answered it. 6 MS. DEITSCH-PEREZ: Are you 7 listening to him? 8 MR. MORRIS: You know – 9 MS. DEITSCH-PEREZ: He basically 10 said that he had a conversation with DSI 11 that went over all of this stuff and that 12 conversation could have included the notes 13 but he doesn't recall specifically. 14 What more do you want him – to ask 15 of him? 16 MR. MORRIS: I want him – I would 17 love him to say – I would like him to 18 testify to the truth, and that is he has no	1 WATERHOUSE - 10-19-21 2 suggests that he has not testified 3 truthfully. 4 MR. MORRIS: I will ask my question 5 again. And if at any time you want to 6 direct him not to answer, that is your 7 prerogative. 8 Q. Mr. Waterhouse, do you have any 9 recollection at all of ever telling anybody 10 from DSI that any of these notes were doubtful 11 or uncollectible? 12 MS. DANDENEAU: Object to form. 13 A. I don't remember specifically. 14 Q. Do you remember generally that 15 specific topic? 16 A. We generally talked about assets, 17 values. If – we had discussions of that and 18 collectability in nature. I mean, of Highland,
1 WATERHOUSE - 10-19-21 2 five times? I mean, really I thought you 3 were – (overspeak.) 4 MR. MORRIS: Because he never 5 answered it. 6 MS. DEITSCH-PEREZ: Are you 7 listening to him? 8 MR. MORRIS: You know – 9 MS. DEITSCH-PEREZ: He basically 10 said that he had a conversation with DSI 11 that went over all of this stuff and that 12 conversation could have included the notes 13 but he doesn't recall specifically. 14 What more do you want him – to ask 15 of him? 16 MR. MORRIS: I want him – I would 17 love him to say – I would like him to 18 testify to the truth, and that is he has no 19 recollection.	1 WATERHOUSE - 10-19-21 2 suggests that he has not testified 3 truthfully. 4 MR. MORRIS: I will ask my question 5 again. And if at any time you want to 6 direct him not to answer, that is your 7 prerogative. 8 Q. Mr. Waterhouse, do you have any 9 recollection at all of ever telling anybody 10 from DSI that any of these notes were doubtful 11 or uncollectible? 12 MS. DANDENEAU: Object to form. 13 A. I don't remember specifically. 14 Q. Do you remember generally that 15 specific topic? 16 A. We generally talked about assets, 17 values. If – we had discussions of that and 18 collectability in nature. I mean, of Highland, 19 the funds, the CLOs, the entire complex. We
1 WATERHOUSE - 10-19-21 2 five times? I mean, really I thought you 3 were – (overspeak.) 4 MR. MORRIS: Because he never 5 answered it. 6 MS. DEITSCH-PEREZ: Are you 7 listening to him? 8 MR. MORRIS: You know – 9 MS. DEITSCH-PEREZ: He basically 10 said that he had a conversation with DSI 11 that went over all of this stuff and that 12 conversation could have included the notes 13 but he doesn't recall specifically. 14 What more do you want him – to ask 15 of him? 16 MR. MORRIS: I want him – I would 17 love him to say – I would like him to 18 testify to the truth, and that is he has no 19 recollection. 20 MS. DEITSCH-PEREZ: Well, the truth	1 WATERHOUSE - 10-19-21 2 suggests that he has not testified 3 truthfully. 4 MR. MORRIS: I will ask my question 5 again. And if at any time you want to 6 direct him not to answer, that is your 7 prerogative. 8 Q. Mr. Waterhouse, do you have any 9 recollection at all of ever telling anybody 10 from DSI that any of these notes were doubtful 11 or uncollectible? 12 MS. DANDENEAU: Object to form. 13 A. I don't remember specifically. 14 Q. Do you remember generally that 15 specific topic? 16 A. We generally talked about assets, 17 values. If – we had discussions of that and 18 collectability in nature. I mean, of Highland, 19 the funds, the CLOs, the entire complex. We 20 had discussions like that, which is, you know,
1 WATERHOUSE - 10-19-21 2 five times? I mean, really I thought you 3 were – (overspeak.) 4 MR. MORRIS: Because he never 5 answered it. 6 MS. DEITSCH-PEREZ: Are you 7 listening to him? 8 MR. MORRIS: You know – 9 MS. DEITSCH-PEREZ: He basically 10 said that he had a conversation with DSI 11 that went over all of this stuff and that 12 conversation could have included the notes 13 but he doesn't recall specifically. 14 What more do you want him – to ask 15 of him? 16 MR. MORRIS: I want him – I would 17 love him to say – I would like him to 18 testify to the truth, and that is he has no 19 recollection. 20 MS. DEITSCH-PEREZ: Well, the truth 21 as you would like to see it, but – but he	1 WATERHOUSE - 10-19-21 2 suggests that he has not testified 3 truthfully. 4 MR. MORRIS: I will ask my question 5 again. And if at any time you want to 6 direct him not to answer, that is your 7 prerogative. 8 Q. Mr. Waterhouse, do you have any 9 recollection at all of ever telling anybody 10 from DSI that any of these notes were doubtful 11 or uncollectible? 12 MS. DANDENEAU: Object to form. 13 A. I don't remember specifically. 14 Q. Do you remember generally that 15 specific topic? 16 A. We generally talked about assets, 17 values. If – we had discussions of that and 18 collectability in nature. I mean, of Highland, 19 the funds, the CLOs, the entire complex. We 20 had discussions like that, which is, you know, 21 as you look at a billion dollar consolidated
1 WATERHOUSE - 10-19-21 2 five times? I mean, really I thought you 3 were — (overspeak.) 4 MR. MORRIS: Because he never 5 answered it. 6 MS. DEITSCH-PEREZ: Are you 7 listening to him? 8 MR. MORRIS: You know — 9 MS. DEITSCH-PEREZ: He basically 10 said that he had a conversation with DSI 11 that went over all of this stuff and that 12 conversation could have included the notes 13 but he doesn't recall specifically. 14 What more do you want him — to ask 15 of him? 16 MR. MORRIS: I want him — I would 17 love him to say — I would like him to 18 testify to the truth, and that is he has no 19 recollection. 20 MS. DEITSCH-PEREZ: Well, the truth 21 as you would like to see it, but — but he 22 is testifying truthfully. And I — and, by	1 WATERHOUSE - 10-19-21 2 suggests that he has not testified 3 truthfully. 4 MR. MORRIS: I will ask my question 5 again. And if at any time you want to 6 direct him not to answer, that is your 7 prerogative. 8 Q. Mr. Waterhouse, do you have any 9 recollection at all of ever telling anybody 10 from DSI that any of these notes were doubtful 11 or uncollectible? 12 MS. DANDENEAU: Object to form. 13 A. I don't remember specifically. 14 Q. Do you remember generally that 15 specific topic? 16 A. We generally talked about assets, 17 values. If – we had discussions of that and 18 collectability in nature. I mean, of Highland, 19 the funds, the CLOs, the entire complex. We 10 had discussions like that, which is, you know, 21 as you look at a billion dollar consolidated 22 balance sheet.
1 WATERHOUSE - 10-19-21 2 five times? I mean, really I thought you 3 were – (overspeak.) 4 MR. MORRIS: Because he never 5 answered it. 6 MS. DEITSCH-PEREZ: Are you 7 listening to him? 8 MR. MORRIS: You know – 9 MS. DEITSCH-PEREZ: He basically 10 said that he had a conversation with DSI 11 that went over all of this stuff and that 12 conversation could have included the notes 13 but he doesn't recall specifically. 14 What more do you want him – to ask 15 of him? 16 MR. MORRIS: I want him – I would 17 love him to say – I would like him to 18 testify to the truth, and that is he has no 19 recollection. 20 MS. DEITSCH-PEREZ: Well, the truth 21 as you would like to see it, but – but he 22 is testifying truthfully. And I – and, by 23 the way, I move to strike that comment –	1 WATERHOUSE - 10-19-21 2 suggests that he has not testified 3 truthfully. 4 MR. MORRIS: I will ask my question 5 again. And if at any time you want to 6 direct him not to answer, that is your 7 prerogative. 8 Q. Mr. Waterhouse, do you have any 9 recollection at all of ever telling anybody 10 from DSI that any of these notes were doubtful 11 or uncollectible? 12 MS. DANDENEAU: Object to form. 13 A. I don't remember specifically. 14 Q. Do you remember generally that 15 specific topic? 16 A. We generally talked about assets, 17 values. If – we had discussions of that and 18 collectability in nature. I mean, of Highland, 19 the funds, the CLOs, the entire complex. We 20 had discussions like that, which is, you know, 21 as you look at a billion dollar consolidated 22 balance sheet. 23 So I generally remember – this is
1 WATERHOUSE - 10-19-21 2 five times? I mean, really I thought you 3 were — (overspeak.) 4 MR. MORRIS: Because he never 5 answered it. 6 MS. DEITSCH-PEREZ: Are you 7 listening to him? 8 MR. MORRIS: You know — 9 MS. DEITSCH-PEREZ: He basically 10 said that he had a conversation with DSI 11 that went over all of this stuff and that 12 conversation could have included the notes 13 but he doesn't recall specifically. 14 What more do you want him — to ask 15 of him? 16 MR. MORRIS: I want him — I would 17 love him to say — I would like him to 18 testify to the truth, and that is he has no 19 recollection. 20 MS. DEITSCH-PEREZ: Well, the truth 21 as you would like to see it, but — but he 22 is testifying truthfully. And I — and, by	1 WATERHOUSE - 10-19-21 2 suggests that he has not testified 3 truthfully. 4 MR. MORRIS: I will ask my question 5 again. And if at any time you want to 6 direct him not to answer, that is your 7 prerogative. 8 Q. Mr. Waterhouse, do you have any 9 recollection at all of ever telling anybody 10 from DSI that any of these notes were doubtful 11 or uncollectible? 12 MS. DANDENEAU: Object to form. 13 A. I don't remember specifically. 14 Q. Do you remember generally that 15 specific topic? 16 A. We generally talked about assets, 17 values. If – we had discussions of that and 18 collectability in nature. I mean, of Highland, 19 the funds, the CLOs, the entire complex. We 10 had discussions like that, which is, you know, 21 as you look at a billion dollar consolidated 22 balance sheet.

Page 254	Page 255
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
2 Q. Do you believe that an affiliate	2 goes.
3 loan on this list was doubtful or	3 Q. Did you point out that any of
4 uncollectible? Would you have told that to	4 these –
5 DSI?	5 A. I don't recall specifically.
6 MS. DANDENEAU: Objection to form.	6 Q. Okay. At any time that you served
7 MS. DEITSCH-PEREZ: Object to form.	7 as Highland's CFO, did you ever point out to
8 A. If we had, like – again, if we –	8 DSI that any of these loans were doubtful or
9 if – if we weren't preparing financial	9 uncollectible?
10 statements in accordance with GAAP, and – you	10 MS. DEITSCH-PEREZ: Object to the
11 know, if DSI at that point – they were –	11 form.
12 again, I was new to bankruptcy.	12 MS. DANDENEAU: Objection.
13 The CRO is – we are delegating	13 A. If you're asking me if I had a
14 everything to the CRO. All the decisionmaking.	14 conversation with DSI, if any of these loans
15 Remember – remember when you and I went into	15 were doubtful or uncollectible, I don't recall
16 Delaware Court and we were saying DSI basically	16 specifically.
17 does everything, remember this, Mr. Morris?	17 Q. Do you recall that the debtor filed
18 You were my counsel at the time, and	18 on the docket monthly operating reports?
19 basically we're running everything through DSI.	19 A. Yes.
20 That was what this was like in the early part.	20 Q. You prepared those personally,
21 Everything was communicated through	21 didn't you?
22 DSI. So DSI says this. DSI says that. That	22 MS. DEITSCH-PEREZ: Objection to
23 is what we're doing, and we're pointing out	23 form.
24 things to them.	24 A. I didn't personally prepare them,
25 Now, they decide what direction this	25 the team did with DSI.
Page 256	Page 257
1 490 200	rage 257
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
1 WATERHOUSE - 10-19-21 2 Q. But you signed them; correct?	
1 WATERHOUSE - 10-19-21	 WATERHOUSE - 10-19-21 show. I followed their advice. Q. But you assured yourself that
 WATERHOUSE - 10-19-21 Q. But you signed them; correct? A. My signature is on the MORs. Q. And you signed them as the preparer 	 WATERHOUSE - 10-19-21 show. I followed their advice. Q. But you assured yourself that everything in the report was accurate before
1 WATERHOUSE - 10-19-21 2 Q. But you signed them; correct? 3 A. My signature is on the MORs. 4 Q. And you signed them as the preparer 5 of the document; correct?	 WATERHOUSE - 10-19-21 show. I followed their advice. Q. But you assured yourself that everything in the report was accurate before you signed them; correct?
 WATERHOUSE - 10-19-21 Q. But you signed them; correct? A. My signature is on the MORs. Q. And you signed them as the preparer of the document; correct? A. Yes, I did this pursuant to DSI's 	 WATERHOUSE - 10-19-21 show. I followed their advice. Q. But you assured yourself that everything in the report was accurate before you signed them; correct? MS. DANDENEAU: Objection to form.
1 WATERHOUSE - 10-19-21 2 Q. But you signed them; correct? 3 A. My signature is on the MORs. 4 Q. And you signed them as the preparer 5 of the document; correct? 6 A. Yes, I did this pursuant to DSI's 7 instructions.	 WATERHOUSE - 10-19-21 show. I followed their advice. Q. But you assured yourself that everything in the report was accurate before you signed them; correct? MS. DANDENEAU: Objection to form. A. I trusted the guidance from the CRO
1 WATERHOUSE - 10-19-21 2 Q. But you signed them; correct? 3 A. My signature is on the MORs. 4 Q. And you signed them as the preparer 5 of the document; correct? 6 A. Yes, I did this pursuant to DSI's 7 instructions. 8 Q. Okay. You wouldn't have signed the	 WATERHOUSE - 10-19-21 show. I followed their advice. Q. But you assured yourself that everything in the report was accurate before you signed them; correct? MS. DANDENEAU: Objection to form. A. I trusted the guidance from the CRO and their team and their experience and their
1 WATERHOUSE - 10-19-21 2 Q. But you signed them; correct? 3 A. My signature is on the MORs. 4 Q. And you signed them as the preparer 5 of the document; correct? 6 A. Yes, I did this pursuant to DSI's 7 instructions. 8 Q. Okay. You wouldn't have signed the 9 document if you didn't believe it to be	 WATERHOUSE - 10-19-21 show. I followed their advice. Q. But you assured yourself that everything in the report was accurate before you signed them; correct? MS. DANDENEAU: Objection to form. A. I trusted the guidance from the CRO and their team and their experience and their guidance for doing this for many, many, many
1 WATERHOUSE - 10-19-21 2 Q. But you signed them; correct? 3 A. My signature is on the MORs. 4 Q. And you signed them as the preparer 5 of the document; correct? 6 A. Yes, I did this pursuant to DSI's 7 instructions. 8 Q. Okay. You wouldn't have signed the 9 document if you didn't believe it to be 10 accurate; correct?	 WATERHOUSE - 10-19-21 show. I followed their advice. Q. But you assured yourself that everything in the report was accurate before you signed them; correct? MS. DANDENEAU: Objection to form. A. I trusted the guidance from the CRO and their team and their experience and their guidance for doing this for many, many, many years to – to – to categorize and put things
1 WATERHOUSE - 10-19-21 2 Q. But you signed them; correct? 3 A. My signature is on the MORs. 4 Q. And you signed them as the preparer 5 of the document; correct? 6 A. Yes, I did this pursuant to DSI's 7 instructions. 8 Q. Okay. You wouldn't have signed the 9 document if you didn't believe it to be 10 accurate; correct? 11 A. If I had reason to believe it	 WATERHOUSE - 10-19-21 show. I followed their advice. Q. But you assured yourself that everything in the report was accurate before you signed them; correct? MS. DANDENEAU: Objection to form. A. I trusted the guidance from the CRO and their team and their experience and their guidance for doing this for many, many, many years to – to – to categorize and put things in ways on the form.
1 WATERHOUSE - 10-19-21 2 Q. But you signed them; correct? 3 A. My signature is on the MORs. 4 Q. And you signed them as the preparer 5 of the document; correct? 6 A. Yes, I did this pursuant to DSI's 7 instructions. 8 Q. Okay. You wouldn't have signed the 9 document if you didn't believe it to be 10 accurate; correct? 11 A. If I had reason to believe it 12 wasn't, presumably I wouldn't have signed it.	 WATERHOUSE - 10-19-21 show. I followed their advice. Q. But you assured yourself that everything in the report was accurate before you signed them; correct? MS. DANDENEAU: Objection to form. A. I trusted the guidance from the CRO and their team and their experience and their guidance for doing this for many, many, many years to - to - to categorize and put things in ways on the form. You know, my team had - had not
1 WATERHOUSE - 10-19-21 2 Q. But you signed them; correct? 3 A. My signature is on the MORs. 4 Q. And you signed them as the preparer 5 of the document; correct? 6 A. Yes, I did this pursuant to DSI's 7 instructions. 8 Q. Okay. You wouldn't have signed the 9 document if you didn't believe it to be 10 accurate; correct? 11 A. If I had reason to believe it 12 wasn't, presumably I wouldn't have signed it. 13 Q. Okay. And do you have any reason to	 WATERHOUSE - 10-19-21 show. I followed their advice. Q. But you assured yourself that everything in the report was accurate before you signed them; correct? MS. DANDENEAU: Objection to form. A. I trusted the guidance from the CRO and their team and their experience and their guidance for doing this for many, many, many years to – to – to categorize and put things in ways on the form. You know, my team had – had not filled out these forms before and needed all of
1 WATERHOUSE - 10-19-21 2 Q. But you signed them; correct? 3 A. My signature is on the MORs. 4 Q. And you signed them as the preparer 5 of the document; correct? 6 A. Yes, I did this pursuant to DSI's 7 instructions. 8 Q. Okay. You wouldn't have signed the 9 document if you didn't believe it to be 10 accurate; correct? 11 A. If I had reason to believe it 12 wasn't, presumably I wouldn't have signed it. 13 Q. Okay. And do you have any reason to 14 believe right now that any monthly operating	 WATERHOUSE - 10-19-21 show. I followed their advice. Q. But you assured yourself that everything in the report was accurate before you signed them; correct? MS. DANDENEAU: Objection to form. A. I trusted the guidance from the CRO and their team and their experience and their guidance for doing this for many, many, many years to – to – to categorize and put things in ways on the form. You know, my team had – had not filled out these forms before and needed all of this guidance. I'm not an expert in this. I
1 WATERHOUSE - 10-19-21 2 Q. But you signed them; correct? 3 A. My signature is on the MORs. 4 Q. And you signed them as the preparer 5 of the document; correct? 6 A. Yes, I did this pursuant to DSI's 7 instructions. 8 Q. Okay. You wouldn't have signed the 9 document if you didn't believe it to be 10 accurate; correct? 11 A. If I had reason to believe it 12 wasn't, presumably I wouldn't have signed it. 13 Q. Okay. And do you have any reason to 14 believe right now that any monthly operating 15 report that has your signature on it was	 WATERHOUSE - 10-19-21 show. I followed their advice. Q. But you assured yourself that everything in the report was accurate before you signed them; correct? MS. DANDENEAU: Objection to form. A. I trusted the guidance from the CRO and their team and their experience and their guidance for doing this for many, many, many years to – to – to categorize and put things in ways on the form. You know, my team had – had not filled out these forms before and needed all of this guidance. I'm not an expert in this. I have oversight of it. I signed the form. DSI
1 WATERHOUSE - 10-19-21 2 Q. But you signed them; correct? 3 A. My signature is on the MORs. 4 Q. And you signed them as the preparer 5 of the document; correct? 6 A. Yes, I did this pursuant to DSI's 7 instructions. 8 Q. Okay. You wouldn't have signed the 9 document if you didn't believe it to be 10 accurate; correct? 11 A. If I had reason to believe it 12 wasn't, presumably I wouldn't have signed it. 13 Q. Okay. And do you have any reason to 14 believe right now that any monthly operating 15 report that has your signature on it was 16 inaccurate in any way?	 WATERHOUSE - 10-19-21 show. I followed their advice. Q. But you assured yourself that everything in the report was accurate before you signed them; correct? MS. DANDENEAU: Objection to form. A. I trusted the guidance from the CRO and their team and their experience and their guidance for doing this for many, many, many years to - to - to categorize and put things in ways on the form. You know, my team had - had not filled out these forms before and needed all of this guidance. I'm not an expert in this. I have oversight of it. I signed the form. DSI told me to.
1 WATERHOUSE - 10-19-21 2 Q. But you signed them; correct? 3 A. My signature is on the MORs. 4 Q. And you signed them as the preparer 5 of the document; correct? 6 A. Yes, I did this pursuant to DSI's 7 instructions. 8 Q. Okay. You wouldn't have signed the 9 document if you didn't believe it to be 10 accurate; correct? 11 A. If I had reason to believe it 12 wasn't, presumably I wouldn't have signed it. 13 Q. Okay. And do you have any reason to 14 believe right now that any monthly operating 15 report that has your signature on it was 16 inaccurate in any way? 17 MS. DEITSCH-PEREZ: Object to the	 WATERHOUSE - 10-19-21 show. I followed their advice. Q. But you assured yourself that everything in the report was accurate before you signed them; correct? MS. DANDENEAU: Objection to form. A. I trusted the guidance from the CRO and their team and their experience and their guidance for doing this for many, many, many years to – to – to categorize and put things in ways on the form. You know, my team had – had not filled out these forms before and needed all of this guidance. I'm not an expert in this. I have oversight of it. I signed the form. DSI told me to. Q. And you and your team are the source
1 WATERHOUSE - 10-19-21 2 Q. But you signed them; correct? 3 A. My signature is on the MORs. 4 Q. And you signed them as the preparer 5 of the document; correct? 6 A. Yes, I did this pursuant to DSI's 7 instructions. 8 Q. Okay. You wouldn't have signed the 9 document if you didn't believe it to be 10 accurate; correct? 11 A. If I had reason to believe it 12 wasn't, presumably I wouldn't have signed it. 13 Q. Okay. And do you have any reason to 14 believe right now that any monthly operating 15 report that has your signature on it was 16 inaccurate in any way? 17 MS. DEITSCH-PEREZ: Object to the 18 form.	show. I followed their advice. Q. But you assured yourself that everything in the report was accurate before you signed them; correct? MS. DANDENEAU: Objection to form. A. I trusted the guidance from the CRO and their team and their experience and their guidance for doing this for many, many, many years to — to — to categorize and put things in ways on the form. You know, my team had — had not filled out these forms before and needed all of this guidance. I'm not an expert in this. I have oversight of it. I signed the form. DSI told me to. Q. And you and your team are the source of the information that DSI used to create the
1 WATERHOUSE - 10-19-21 2 Q. But you signed them; correct? 3 A. My signature is on the MORs. 4 Q. And you signed them as the preparer 5 of the document; correct? 6 A. Yes, I did this pursuant to DSI's 7 instructions. 8 Q. Okay. You wouldn't have signed the 9 document if you didn't believe it to be 10 accurate; correct? 11 A. If I had reason to believe it 12 wasn't, presumably I wouldn't have signed it. 13 Q. Okay. And do you have any reason to 14 believe right now that any monthly operating 15 report that has your signature on it was 16 inaccurate in any way? 17 MS. DEITSCH-PEREZ: Object to the 18 form. 19 A. My understanding of the monthly	 WATERHOUSE - 10-19-21 show. I followed their advice. Q. But you assured yourself that everything in the report was accurate before you signed them; correct? MS. DANDENEAU: Objection to form. A. I trusted the guidance from the CRO and their team and their experience and their guidance for doing this for many, many, many years to - to - to categorize and put things in ways on the form. You know, my team had - had not filled out these forms before and needed all of this guidance. I'm not an expert in this. I have oversight of it. I signed the form. DSI told me to. Q. And you and your team are the source of the information that DSI used to create the reports; correct?
1 WATERHOUSE - 10-19-21 2 Q. But you signed them; correct? 3 A. My signature is on the MORs. 4 Q. And you signed them as the preparer 5 of the document; correct? 6 A. Yes, I did this pursuant to DSI's 7 instructions. 8 Q. Okay. You wouldn't have signed the 9 document if you didn't believe it to be 10 accurate; correct? 11 A. If I had reason to believe it 12 wasn't, presumably I wouldn't have signed it. 13 Q. Okay. And do you have any reason to 14 believe right now that any monthly operating 15 report that has your signature on it was 16 inaccurate in any way? 17 MS. DEITSCH-PEREZ: Object to the 18 form. 19 A. My understanding of the monthly 20 operating reports is we were filing them in	show. I followed their advice. Q. But you assured yourself that everything in the report was accurate before you signed them; correct? MS. DANDENEAU: Objection to form. A. I trusted the guidance from the CRO and their team and their experience and their guidance for doing this for many, many, many years to – to – to categorize and put things in ways on the form. You know, my team had – had not filled out these forms before and needed all of this guidance. I'm not an expert in this. I have oversight of it. I signed the form. DSI told me to. Q. And you and your team are the source of the information that DSI used to create the reports; correct? MS. DANDENEAU: Objection to form.
1 WATERHOUSE - 10-19-21 2 Q. But you signed them; correct? 3 A. My signature is on the MORs. 4 Q. And you signed them as the preparer 5 of the document; correct? 6 A. Yes, I did this pursuant to DSI's 7 instructions. 8 Q. Okay. You wouldn't have signed the 9 document if you didn't believe it to be 10 accurate; correct? 11 A. If I had reason to believe it 12 wasn't, presumably I wouldn't have signed it. 13 Q. Okay. And do you have any reason to 14 believe right now that any monthly operating 15 report that has your signature on it was 16 inaccurate in any way? 17 MS. DEITSCH-PEREZ: Object to the 18 form. 19 A. My understanding of the monthly 20 operating reports is we were filing them in 21 accordance with the standards set by the Court.	 WATERHOUSE - 10-19-21 show. I followed their advice. Q. But you assured yourself that everything in the report was accurate before you signed them; correct? MS. DANDENEAU: Objection to form. A. I trusted the guidance from the CRO and their team and their experience and their guidance for doing this for many, many, many years to – to – to categorize and put things in ways on the form. You know, my team had – had not filled out these forms before and needed all of this guidance. I'm not an expert in this. I have oversight of it. I signed the form. DSI told me to. Q. And you and your team are the source of the information that DSI used to create the reports; correct? MS. DANDENEAU: Objection to form. A. The books and records reside with
1 WATERHOUSE - 10-19-21 2 Q. But you signed them; correct? 3 A. My signature is on the MORs. 4 Q. And you signed them as the preparer 5 of the document; correct? 6 A. Yes, I did this pursuant to DSI's 7 instructions. 8 Q. Okay. You wouldn't have signed the 9 document if you didn't believe it to be 10 accurate; correct? 11 A. If I had reason to believe it 12 wasn't, presumably I wouldn't have signed it. 13 Q. Okay. And do you have any reason to 14 believe right now that any monthly operating 15 report that has your signature on it was 16 inaccurate in any way? 17 MS. DEITSCH-PEREZ: Object to the 18 form. 19 A. My understanding of the monthly 20 operating reports is we were filing them in 21 accordance with the standards set by the Court. 22 It wasn't – you know, again, I don't – you	 WATERHOUSE - 10-19-21 show. I followed their advice. Q. But you assured yourself that everything in the report was accurate before you signed them; correct? MS. DANDENEAU: Objection to form. A. I trusted the guidance from the CRO and their team and their experience and their guidance for doing this for many, many, many years to - to - to categorize and put things in ways on the form. You know, my team had - had not filled out these forms before and needed all of this guidance. I'm not an expert in this. I have oversight of it. I signed the form. DSI told me to. Q. And you and your team are the source of the information that DSI used to create the reports; correct? MS. DANDENEAU: Objection to form. A. The books and records reside with the - with - with the corporate accounting
1 WATERHOUSE - 10-19-21 2 Q. But you signed them; correct? 3 A. My signature is on the MORs. 4 Q. And you signed them as the preparer 5 of the document; correct? 6 A. Yes, I did this pursuant to DSI's 7 instructions. 8 Q. Okay. You wouldn't have signed the 9 document if you didn't believe it to be 10 accurate; correct? 11 A. If I had reason to believe it 12 wasn't, presumably I wouldn't have signed it. 13 Q. Okay. And do you have any reason to 14 believe right now that any monthly operating 15 report that has your signature on it was 16 inaccurate in any way? 17 MS. DEITSCH-PEREZ: Object to the 18 form. 19 A. My understanding of the monthly 20 operating reports is we were filling them in 21 accordance with the standards set by the Court. 22 It wasn't – you know, again, I don't – you 23 know, it wasn't GAAP. It wasn't these other	show. I followed their advice. Q. But you assured yourself that everything in the report was accurate before you signed them; correct? MS. DANDENEAU: Objection to form. A. I trusted the guidance from the CRO and their team and their experience and their guidance for doing this for many, many, many years to – to – to categorize and put things in ways on the form. You know, my team had – had not filled out these forms before and needed all of this guidance. I'm not an expert in this. I have oversight of it. I signed the form. DSI told me to. Q. And you and your team are the source of the information that DSI used to create the reports; correct? MS. DANDENEAU: Objection to form. A. The books and records reside with the – with – with the corporate accounting tank.
1 WATERHOUSE - 10-19-21 2 Q. But you signed them; correct? 3 A. My signature is on the MORs. 4 Q. And you signed them as the preparer 5 of the document; correct? 6 A. Yes, I did this pursuant to DSI's 7 instructions. 8 Q. Okay. You wouldn't have signed the 9 document if you didn't believe it to be 10 accurate; correct? 11 A. If I had reason to believe it 12 wasn't, presumably I wouldn't have signed it. 13 Q. Okay. And do you have any reason to 14 believe right now that any monthly operating 15 report that has your signature on it was 16 inaccurate in any way? 17 MS. DEITSCH-PEREZ: Object to the 18 form. 19 A. My understanding of the monthly 20 operating reports is we were filing them in 21 accordance with the standards set by the Court. 22 It wasn't – you know, again, I don't – you 23 know, it wasn't GAAP. It wasn't these other 24 standards, so I testified I didn't have	water House - 10-19-21 show. I followed their advice. Q. But you assured yourself that everything in the report was accurate before you signed them; correct? MS. DANDENEAU: Objection to form. A. I trusted the guidance from the CRO and their team and their experience and their guidance for doing this for many, many, many years to - to - to categorize and put things in ways on the form. You know, my team had - had not filled out these forms before and needed all of this guidance. I'm not an expert in this. I have oversight of it. I signed the form. DSI told me to. Q. And you and your team are the source of the information that DSI used to create the reports; correct? MS. DANDENEAU: Objection to form. A. The books and records reside with the - with - with the corporate accounting team. Q. Okay. And the corporate accounting
1 WATERHOUSE - 10-19-21 2 Q. But you signed them; correct? 3 A. My signature is on the MORs. 4 Q. And you signed them as the preparer 5 of the document; correct? 6 A. Yes, I did this pursuant to DSI's 7 instructions. 8 Q. Okay. You wouldn't have signed the 9 document if you didn't believe it to be 10 accurate; correct? 11 A. If I had reason to believe it 12 wasn't, presumably I wouldn't have signed it. 13 Q. Okay. And do you have any reason to 14 believe right now that any monthly operating 15 report that has your signature on it was 16 inaccurate in any way? 17 MS. DEITSCH-PEREZ: Object to the 18 form. 19 A. My understanding of the monthly 20 operating reports is we were filling them in 21 accordance with the standards set by the Court. 22 It wasn't – you know, again, I don't – you 23 know, it wasn't GAAP. It wasn't these other	show. I followed their advice. Q. But you assured yourself that everything in the report was accurate before you signed them; correct? MS. DANDENEAU: Objection to form. A. I trusted the guidance from the CRO and their team and their experience and their guidance for doing this for many, many, many years to – to – to categorize and put things in ways on the form. You know, my team had – had not filled out these forms before and needed all of this guidance. I'm not an expert in this. I have oversight of it. I signed the form. DSI told me to. Q. And you and your team are the source of the information that DSI used to create the reports; correct? MS. DANDENEAU: Objection to form. A. The books and records reside with the – with – with the corporate accounting tank.

	D 050	050
1 WATERHOUSE - 10-19-21	Page 258 Page 258	age 259
2 under your direction; correct?	2 Highland; correct?	
3 A. Yes.	3 A. Yes.	
4 Q. So – so your team was responsible	4 Q. And you're the preparer – you're	
5 for maintaining Highland's books and records;	5 identified as the preparer of the report;	
6 correct?	6 correct?	
7 A. I'm sorry, my team was responsible?	7 A. That is correct.	
8 Q. Correct.	8 Q. Do you recall participating in the	
9 A. Yes. They – they – they were	9 preparation of monthly operating reports?	
10 the the the general ledger of Highland,	10 A. As I testified earlier, it was put	
11 that responsibility was with the corporate	11 together, you know, with the team. The team	
12 accounting team.	12 worked with DSI to put these monthly operating	
13 Q. The corporate accounting group	13 reports together. We had no experience at this	
14 reported to you; correct?	14 time of the monthly operating reports or things	
15 A. Yes.	15 of this nature.	
16 MR. MORRIS: Can we put up 41,	16 MR. MORRIS: Can you turn to the	
17 please.	17 next page, please.	
18 (Exhibit 41 marked.)	18 Q. Do you see a line item under assets	
19 Q. All right. You will see that this	19 due from affiliates?	
20 is a report that is dated January 31st, 2020,	20 A. Yes, I do.	
21 but it is for the month ending December 2019.	21 Q. Okay. And to the best of your	
22 Do you see that?	22 knowledge and understanding, as the person who	
23 A. Ido.	23 is identified as the preparer of this report,	
24 Q. And you signed this report in your	24 does that line item include the affiliate loans	
25 capacity as the chief financial officer of	25 that we've been talking about?	
	Page 260	261
1 WATERHOUSE - 10-19-21	Page 260 Page 260 1 WATERHOUSE - 10-19-21	age 261
1 WATERHOUSE - 10-19-21		age 261
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21 2 A. Yes, that is what this indicates.	age 261
WATERHOUSE - 10-19-21 A. Again, I would have to see, just like we did with the financial statements of	 WATERHOUSE - 10-19-21 A. Yes, that is what this indicates. Q. Okay. And were you aware that the 	age 261
WATERHOUSE - 10-19-21 A. Again, I would have to see, just like we did with the financial statements of Highland and NexPoint, I would have to see a	 WATERHOUSE - 10-19-21 A. Yes, that is what this indicates. Q. Okay. And were you aware that the 	age 261
1 WATERHOUSE - 10-19-21 2 A. Again, I would have to see, just 3 like we did with the financial statements of 4 Highland and NexPoint, I would have to see a 5 detailed build, but, you know, if you look at	 WATERHOUSE - 10-19-21 A. Yes, that is what this indicates. Q. Okay. And were you aware that the reserve was being taken on that it was? 	age 261
1 WATERHOUSE - 10-19-21 2 A. Again, I would have to see, just 3 like we did with the financial statements of 4 Highland and NexPoint, I would have to see a 5 detailed build, but, you know, if you look at	 WATERHOUSE - 10-19-21 A. Yes, that is what this indicates. Q. Okay. And were you aware that the reserve was being taken on that it was? A. I was – I was aware, yeah, at some 	age 261
1 WATERHOUSE - 10-19-21 2 A. Again, I would have to see, just 3 like we did with the financial statements of 4 Highland and NexPoint, I would have to see a 5 detailed build, but, you know, if you look at 6 the other line items, you know, the only other	1 WATERHOUSE - 10-19-21 2 A. Yes, that is what this indicates. 3 Q. Okay. And were you aware that the 4 reserve was being taken on that it was? 5 A. I was – I was aware, yeah, at some 6 point, yes.	age 261
1 WATERHOUSE - 10-19-21 2 A. Again, I would have to see, just 3 like we did with the financial statements of 4 Highland and NexPoint, I would have to see a 5 detailed build, but, you know, if you look at 6 the other line items, you know, the only other 7 place it could be would be in — in other 8 assets.	1 WATERHOUSE - 10-19-21 2 A. Yes, that is what this indicates. 3 Q. Okay. And were you aware that the 4 reserve was being taken on that it was? 5 A. I was – I was aware, yeah, at some 6 point, yes. 7 Q. Okay. And are you aware of any 8 reserve being taken with respect to any other	age 261
1 WATERHOUSE - 10-19-21 2 A. Again, I would have to see, just 3 like we did with the financial statements of 4 Highland and NexPoint, I would have to see a 5 detailed build, but, you know, if you look at 6 the other line items, you know, the only other 7 place it could be would be in – in other 8 assets. 9 Q. Okay. And as a matter of	1 WATERHOUSE - 10-19-21 2 A. Yes, that is what this indicates. 3 Q. Okay. And were you aware that the 4 reserve was being taken on that it was? 5 A. I was – I was aware, yeah, at some 6 point, yes. 7 Q. Okay. And are you aware of any 8 reserve being taken with respect to any other	age 261
1 WATERHOUSE - 10-19-21 2 A. Again, I would have to see, just 3 like we did with the financial statements of 4 Highland and NexPoint, I would have to see a 5 detailed build, but, you know, if you look at 6 the other line items, you know, the only other 7 place it could be would be in – in other 8 assets. 9 Q. Okay. And as a matter of	1 WATERHOUSE - 10-19-21 2 A. Yes, that is what this indicates. 3 Q. Okay. And were you aware that the 4 reserve was being taken on that it was? 5 A. I was – I was aware, yeah, at some 6 point, yes. 7 Q. Okay. And are you aware of any 8 reserve being taken with respect to any other 9 note that was issued in favor of Highland?	age 261
1 WATERHOUSE - 10-19-21 2 A. Again, I would have to see, just 3 like we did with the financial statements of 4 Highland and NexPoint, I would have to see a 5 detailed build, but, you know, if you look at 6 the other line items, you know, the only other 7 place it could be would be in – in other 8 assets. 9 Q. Okay. And as a matter of 10 arithmetic, is it fair to say that is the value	1 WATERHOUSE - 10-19-21 2 A. Yes, that is what this indicates. 3 Q. Okay. And were you aware that the 4 reserve was being taken on that it was? 5 A. I was – I was aware, yeah, at some 6 point, yes. 7 Q. Okay. And are you aware of any 8 reserve being taken with respect to any other 9 note that was issued in favor of Highland? 10 A. Again, as I testified, we didn't go	age 261
1 WATERHOUSE - 10-19-21 2 A. Again, I would have to see, just 3 like we did with the financial statements of 4 Highland and NexPoint, I would have to see a 5 detailed build, but, you know, if you look at 6 the other line items, you know, the only other 7 place it could be would be in — in other 8 assets. 9 Q. Okay. And as a matter of 10 arithmetic, is it fair to say that is the value 11 of the assets due from affiliates was more than	1 WATERHOUSE - 10-19-21 2 A. Yes, that is what this indicates. 3 Q. Okay. And were you aware that the 4 reserve was being taken on that it was? 5 A. I was – I was aware, yeah, at some 6 point, yes. 7 Q. Okay. And are you aware of any 8 reserve being taken with respect to any other 9 note that was issued in favor of Highland? 10 A. Again, as I testified, we didn't go 11 through an analysis on – on – on the other	age 261
1 WATERHOUSE - 10-19-21 2 A. Again, I would have to see, just 3 like we did with the financial statements of 4 Highland and NexPoint, I would have to see a 5 detailed build, but, you know, if you look at 6 the other line items, you know, the only other 7 place it could be would be in – in other 8 assets. 9 Q. Okay. And as a matter of 10 arithmetic, is it fair to say that is the value 11 of the assets due from affiliates was more than 12 25 percent of the value of Highland's total	1 WATERHOUSE - 10-19-21 2 A. Yes, that is what this indicates. 3 Q. Okay. And were you aware that the 4 reserve was being taken on that it was? 5 A. I was – I was aware, yeah, at some 6 point, yes. 7 Q. Okay. And are you aware of any 8 reserve being taken with respect to any other 9 note that was issued in favor of Highland? 10 A. Again, as I testified, we didn't go 11 through an analysis on – on – on the other 12 notes.	age 261
1 WATERHOUSE - 10-19-21 2 A. Again, I would have to see, just 3 like we did with the financial statements of 4 Highland and NexPoint, I would have to see a 5 detailed build, but, you know, if you look at 6 the other line items, you know, the only other 7 place it could be would be in – in other 8 assets. 9 Q. Okay. And as a matter of 10 arithmetic, is it fair to say that is the value 11 of the assets due from affiliates was more than 12 25 percent of the value of Highland's total 13 assets as of 12/31/2019?	1 WATERHOUSE - 10-19-21 2 A. Yes, that is what this indicates. 3 Q. Okay. And were you aware that the 4 reserve was being taken on that it was? 5 A. I was – I was aware, yeah, at some 6 point, yes. 7 Q. Okay. And are you aware of any 8 reserve being taken with respect to any other 9 note that was issued in favor of Highland? 10 A. Again, as I testified, we didn't go 11 through an analysis on – on – on the other 12 notes. 13 Q. Can we turn –	age 261
1 WATERHOUSE - 10-19-21 2 A. Again, I would have to see, just 3 like we did with the financial statements of 4 Highland and NexPoint, I would have to see a 5 detailed build, but, you know, if you look at 6 the other line items, you know, the only other 7 place it could be would be in – in other 8 assets. 9 Q. Okay. And as a matter of 10 arithmetic, is it fair to say that is the value 11 of the assets due from affiliates was more than 12 25 percent of the value of Highland's total 13 assets as of 12/31/2019? 14 MS. DANDENEAU: Objection to form.	1 WATERHOUSE - 10-19-21 2 A. Yes, that is what this indicates. 3 Q. Okay. And were you aware that the 4 reserve was being taken on that it was? 5 A. I was – I was aware, yeah, at some 6 point, yes. 7 Q. Okay. And are you aware of any 8 reserve being taken with respect to any other 9 note that was issued in favor of Highland? 10 A. Again, as I testified, we didn't go 11 through an analysis on – on – on the other 12 notes. 13 Q. Can we turn – 14 A. I believe – I believe it says that	age 261
1 WATERHOUSE - 10-19-21 2 A. Again, I would have to see, just 3 like we did with the financial statements of 4 Highland and NexPoint, I would have to see a 5 detailed build, but, you know, if you look at 6 the other line items, you know, the only other 7 place it could be would be in – in other 8 assets. 9 Q. Okay. And as a matter of 10 arithmetic, is it fair to say that is the value 11 of the assets due from affiliates was more than 12 25 percent of the value of Highland's total 13 assets as of 12/31/2019? 14 MS. DANDENEAU: Objection to form. 15 A. I'm really not doing the mental math	1 WATERHOUSE - 10-19-21 2 A. Yes, that is what this indicates. 3 Q. Okay. And were you aware that the 4 reserve was being taken on that it was? 5 A. I was – I was aware, yeah, at some 6 point, yes. 7 Q. Okay. And are you aware of any 8 reserve being taken with respect to any other 9 note that was issued in favor of Highland? 10 A. Again, as I testified, we didn't go 11 through an analysis on – on – on the other 12 notes. 13 Q. Can we turn – 14 A. I believe – I believe it says that 15 in Footnote 1, fair value has not been	age 261
1 WATERHOUSE - 10-19-21 2 A. Again, I would have to see, just 3 like we did with the financial statements of 4 Highland and NexPoint, I would have to see a 5 detailed build, but, you know, if you look at 6 the other line items, you know, the only other 7 place it could be would be in – in other 8 assets. 9 Q. Okay. And as a matter of 10 arithmetic, is it fair to say that is the value 11 of the assets due from affiliates was more than 12 25 percent of the value of Highland's total 13 assets as of 12/31/2019? 14 MS. DANDENEAU: Objection to form. 15 A. I'm really not doing the mental math 16 right now, so I've been going at this depo for	1 WATERHOUSE - 10-19-21 2 A. Yes, that is what this indicates. 3 Q. Okay. And were you aware that the 4 reserve was being taken on that it was? 5 A. I was – I was aware, yeah, at some 6 point, yes. 7 Q. Okay. And are you aware of any 8 reserve being taken with respect to any other 9 note that was issued in favor of Highland? 10 A. Again, as I testified, we didn't go 11 through an analysis on – on – on the other 12 notes. 13 Q. Can we turn – 14 A. I believe – I believe it says that 15 in Footnote 1, fair value has not been 16 determined with respect to any of the notes.	age 261
1 WATERHOUSE - 10-19-21 2 A. Again, I would have to see, just 3 like we did with the financial statements of 4 Highland and NexPoint, I would have to see a 5 detailed build, but, you know, if you look at 6 the other line items, you know, the only other 7 place it could be would be in – in other 8 assets. 9 Q. Okay. And as a matter of 10 arithmetic, is it fair to say that is the value 11 of the assets due from affiliates was more than 12 25 percent of the value of Highland's total 13 assets as of 12/31/2019? 14 MS. DANDENEAU: Objection to form. 15 A. I'm really not doing the mental math 16 right now, so I've been going at this depo for 17 hours, so I'm really not – you know –	1 WATERHOUSE - 10-19-21 2 A. Yes, that is what this indicates. 3 Q. Okay. And were you aware that the 4 reserve was being taken on that it was? 5 A. I was – I was aware, yeah, at some 6 point, yes. 7 Q. Okay. And are you aware of any 8 reserve being taken with respect to any other 9 note that was issued in favor of Highland? 10 A. Again, as I testified, we didn't go 11 through an analysis on – on – on the other 12 notes. 13 Q. Can we turn – 14 A. I believe – I believe it says that 15 in Footnote 1, fair value has not been 16 determined with respect to any of the notes. 17 So this footnote – footnotes, look,	age 261
1 WATERHOUSE - 10-19-21 2 A. Again, I would have to see, just 3 like we did with the financial statements of 4 Highland and NexPoint, I would have to see a 5 detailed build, but, you know, if you look at 6 the other line items, you know, the only other 7 place it could be would be in – in other 8 assets. 9 Q. Okay. And as a matter of 10 arithmetic, is it fair to say that is the value 11 of the assets due from affiliates was more than 12 25 percent of the value of Highland's total 13 assets as of 12/31/2019? 14 MS. DANDENEAU: Objection to form. 15 A. I'm really not doing the mental math 16 right now, so I've been going at this depo for 17 hours, so I'm really not – you know – 18 Q. All right. No problem.	1 WATERHOUSE - 10-19-21 2 A. Yes, that is what this indicates. 3 Q. Okay. And were you aware that the 4 reserve was being taken on that it was? 5 A. I was – I was aware, yeah, at some 6 point, yes. 7 Q. Okay. And are you aware of any 8 reserve being taken with respect to any other 9 note that was issued in favor of Highland? 10 A. Again, as I testified, we didn't go 11 through an analysis on – on – on the other 12 notes. 13 Q. Can we turn – 14 A. I believe – I believe it says that 15 in Footnote 1, fair value has not been 16 determined with respect to any of the notes. 17 So this footnote – footnotes, look, 18 there has been no determination.	age 261
1 WATERHOUSE - 10-19-21 2 A. Again, I would have to see, just 3 like we did with the financial statements of 4 Highland and NexPoint, I would have to see a 5 detailed build, but, you know, if you look at 6 the other line items, you know, the only other 7 place it could be would be in – in other 8 assets. 9 Q. Okay. And as a matter of 10 arithmetic, is it fair to say that is the value 11 of the assets due from affiliates was more than 12 25 percent of the value of Highland's total 13 assets as of 12/31/2019? 14 MS. DANDENEAU: Objection to form. 15 A. I'm really not doing the mental math 16 right now, so I've been going at this depo for 17 hours, so I'm really not – you know – 18 Q. All right. No problem. 19 A. – these are millions of dollars.	1 WATERHOUSE - 10-19-21 2 A. Yes, that is what this indicates. 3 Q. Okay. And were you aware that the 4 reserve was being taken on that it was? 5 A. I was – I was aware, yeah, at some 6 point, yes. 7 Q. Okay. And are you aware of any 8 reserve being taken with respect to any other 9 note that was issued in favor of Highland? 10 A. Again, as I testified, we didn't go 11 through an analysis on – on – on the other 12 notes. 13 Q. Can we turn – 14 A. I believe – I believe it says that 15 in Footnote 1, fair value has not been 16 determined with respect to any of the notes. 17 So this footnote – footnotes, look, 18 there has been no determination. 19 Q. Okay. The determination was made in	age 261
1 WATERHOUSE - 10-19-21 2 A. Again, I would have to see, just 3 like we did with the financial statements of 4 Highland and NexPoint, I would have to see a 5 detailed build, but, you know, if you look at 6 the other line items, you know, the only other 7 place it could be would be in – in other 8 assets. 9 Q. Okay. And as a matter of 10 arithmetic, is it fair to say that is the value 11 of the assets due from affiliates was more than 12 25 percent of the value of Highland's total 13 assets as of 12/31/2019? 14 MS. DANDENEAU: Objection to form. 15 A. I'm really not doing the mental math 16 right now, so I've been going at this depo for 17 hours, so I'm really not – you know – 18 Q. All right. No problem. 19 A. – these are millions of dollars. 20 Q. Let's look at the Footnote 1,	1 WATERHOUSE - 10-19-21 2 A. Yes, that is what this indicates. 3 Q. Okay. And were you aware that the 4 reserve was being taken on that it was? 5 A. I was – I was aware, yeah, at some 6 point, yes. 7 Q. Okay. And are you aware of any 8 reserve being taken with respect to any other 9 note that was issued in favor of Highland? 10 A. Again, as I testified, we didn't go 11 through an analysis on – on – on the other 12 notes. 13 Q. Can we turn – 14 A. I believe – I believe it says that 15 in Footnote 1, fair value has not been 16 determined with respect to any of the notes. 17 So this footnote – footnotes, look, 18 there has been no determination. 19 Q. Okay. The determination was made in 20 the audited financial statements just six	age 261
1 WATERHOUSE - 10-19-21 2 A. Again, I would have to see, just 3 like we did with the financial statements of 4 Highland and NexPoint, I would have to see a 5 detailed build, but, you know, if you look at 6 the other line items, you know, the only other 7 place it could be would be in – in other 8 assets. 9 Q. Okay. And as a matter of 10 arithmetic, is it fair to say that is the value 11 of the assets due from affiliates was more than 12 25 percent of the value of Highland's total 13 assets as of 12/31/2019? 14 MS. DANDENEAU: Objection to form. 15 A. I'm really not doing the mental math 16 right now, so I've been going at this depo for 17 hours, so I'm really not – you know – 18 Q. All right. No problem. 19 A. – these are millions of dollars. 20 Q. Let's look at the Footnote 1, 21 please. Do you see there is a reference to the	1 WATERHOUSE - 10-19-21 2 A. Yes, that is what this indicates. 3 Q. Okay. And were you aware that the 4 reserve was being taken on that it was? 5 A. I was – I was aware, yeah, at some 6 point, yes. 7 Q. Okay. And are you aware of any 8 reserve being taken with respect to any other 9 note that was issued in favor of Highland? 10 A. Again, as I testified, we didn't go 11 through an analysis on – on – on the other 12 notes. 13 Q. Can we turn – 14 A. I believe – I believe it says that 15 in Footnote 1, fair value has not been 16 determined with respect to any of the notes. 17 So this footnote – footnotes, look, 18 there has been no determination. 19 Q. Okay. The determination was made in 20 the audited financial statements just six 21 months earlier; right? We saw that earlier?	age 261
1 WATERHOUSE - 10-19-21 2 A. Again, I would have to see, just 3 like we did with the financial statements of 4 Highland and NexPoint, I would have to see a 5 detailed build, but, you know, if you look at 6 the other line items, you know, the only other 7 place it could be would be in – in other 8 assets. 9 Q. Okay. And as a matter of 10 arithmetic, is it fair to say that is the value 11 of the assets due from affiliates was more than 12 25 percent of the value of Highland's total 13 assets as of 12/31/2019? 14 MS. DANDENEAU: Objection to form. 15 A. I'm really not doing the mental math 16 right now, so I've been going at this depo for 17 hours, so I'm really not – you know – 18 Q. All right. No problem. 19 A. – these are millions of dollars. 20 Q. Let's look at the Footnote 1, 21 please. Do you see there is a reference to the 22 Hunter Mountain note?	1 WATERHOUSE - 10-19-21 2 A. Yes, that is what this indicates. 3 Q. Okay. And were you aware that the 4 reserve was being taken on that it was? 5 A. I was – I was aware, yeah, at some 6 point, yes. 7 Q. Okay. And are you aware of any 8 reserve being taken with respect to any other 9 note that was issued in favor of Highland? 10 A. Again, as I testified, we didn't go 11 through an analysis on – on – on the other 12 notes. 13 Q. Can we turn – 14 A. I believe – I believe it says that 15 in Footnote 1, fair value has not been 16 determined with respect to any of the notes. 17 So this footnote – footnotes, look, 18 there has been no determination. 19 Q. Okay. The determination was made in 20 the audited financial statements just six 21 months earlier; right? We saw that earlier? 22 A. That was as of 12/31/18. I mean,	age 261
1 WATERHOUSE - 10-19-21 2 A. Again, I would have to see, just 3 like we did with the financial statements of 4 Highland and NexPoint, I would have to see a 5 detailed build, but, you know, if you look at 6 the other line items, you know, the only other 7 place it could be would be in – in other 8 assets. 9 Q. Okay. And as a matter of 10 arithmetic, is it fair to say that is the value 11 of the assets due from affiliates was more than 12 25 percent of the value of Highland's total 13 assets as of 12/31/2019? 14 MS. DANDENEAU: Objection to form. 15 A. I'm really not doing the mental math 16 right now, so I've been going at this depo for 17 hours, so I'm really not – you know – 18 Q. All right. No problem. 19 A. – these are millions of dollars. 20 Q. Let's look at the Footnote 1, 21 please. Do you see there is a reference to the 22 Hunter Mountain note? 23 A. Yes, I see that in Footnote 1.	1 WATERHOUSE - 10-19-21 2 A. Yes, that is what this indicates. 3 Q. Okay. And were you aware that the 4 reserve was being taken on that it was? 5 A. I was – I was aware, yeah, at some 6 point, yes. 7 Q. Okay. And are you aware of any 8 reserve being taken with respect to any other 9 note that was issued in favor of Highland? 10 A. Again, as I testified, we didn't go 11 through an analysis on – on – on the other 12 notes. 13 Q. Can we turn – 14 A. I believe – I believe it says that 15 in Footnote 1, fair value has not been 16 determined with respect to any of the notes. 17 So this footnote – footnotes, look, 18 there has been no determination. 19 Q. Okay. The determination was made in 20 the audited financial statements just six 21 months earlier; right? We saw that earlier? 22 A. That was as of 12/31/18. I mean, 23 things – circumstances – there's a bank –	age 261

1	Page 262 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 263
2	circumstances change. Again, you have to do an	2	Q. Okay. And there was nothing that	
3	analysis.	3	caused PricewaterhouseCoopers to include in	
4	Q. Okay. And you do recall that in	4	subsequent events any adjustment to the	
5	Highland's 2018 financial statement, all of the	5	conclusion that the fair value of the affiliate	
6	notes issued by affiliates and Mr. Dondero that	6	notes and the notes issued by Mr. Dondero	
7	were due at year-end had a fair value equal to	7	equaled the carrying value; correct?	
8	the carrying value; correct? We looked at	8	MS. DANDENEAU: Objection to the	
9	that?	9	form.	
10	A. Yes. That was in the – in the	10	A. That is correct. That is what was	
11	disclosure for the – for the affiliate notes,	11	in the – in the – in the footnotes.	
12	yes.	12	Q. Okay. So are you aware of anything	
13	Q. And – and you were obligated to	13	that occurred between June 3rd, 2019 and	
14	share with PwC any subsequent events between	14	December 31st, 2019 that would have caused the	
15	the end of 2018 and the date that you signed	15	fair value of the notes to differ from the	
16	your management representation letter on June	16	carrying value?	
17	3rd, 2019; correct?	17	A. Yeah. Highland filed for	
18	MS. DEITSCH-PEREZ: Object to the	18	bankruptcy, things changed - I mean, there was	
19	form.	19	a bankruptcy filed in October of – of – of	
20	A. Yes. I-I-I signed the	20	2019, right, the petition date that we've	
21	management, you know, my signature is in the	21	described earlier.	
22	management representation letter – I hope I'm	22	I mean, I had a – I guess looking	
23	answering your question – that is dated in	23	back naively, I thought we were going to get an	
24	June with the representations made in that	24	audit from PwC for year-ended 2019, and when we	
25	management representation letter.	25	had discussions with PwC, they were like, are	
1				
\vdash	Page 264			Page 265
1	Page 264 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 265
1 2		1 2	WATERHOUSE - 10-19-21 carrying value during the seven-month period	Page 265
1 2 3	WATERHOUSE - 10-19-21	_		Page 265
2	WATERHOUSE - 10-19-21 you crazy, we're not auditing this. Values	2	carrying value during the seven-month period	Page 265
2 3	WATERHOUSE - 10-19-21 you crazy, we're not auditing this. Values change, all these things change, bankruptcy	2	carrying value during the seven-month period between June 3rd and the end of the year, 2019?	Page 265
2 3	WATERHOUSE - 10-19-21 you crazy, we're not auditing this. Values change, all these things change, bankruptcy changes the entire scenario. I mean – and	2 3 4	carrying value during the seven-month period between June 3rd and the end of the year, 2019? MS. DANDENEAU: Objection to form.	Page 265
2 3 4 5	WATERHOUSE - 10-19-21 you crazy, we're not auditing this. Values change, all these things change, bankruptcy changes the entire scenario. I mean and they're like, we're not we're not touching	2 3 4 5 6	carrying value during the seven-month period between June 3rd and the end of the year, 2019? MS. DANDENEAU: Objection to form. A. No. I mean, I'm putting myself back	Page 265
2 3 4 5 6	WATERHOUSE - 10-19-21 you crazy, we're not auditing this. Values change, all these things change, bankruptcy changes the entire scenario. I mean – and they're like, we're not – we're not touching this.	2 3 4 5 6	carrying value during the seven-month period between June 3rd and the end of the year, 2019? MS. DANDENEAU: Objection to form. A. No. I mean, I'm putting myself back at that time, right. Hindsight is 2020, but we	Page 265
2 3 4 5 6 7	WATERHOUSE - 10-19-21 you crazy, we're not auditing this. Values change, all these things change, bankruptcy changes the entire scenario. I mean – and they're like, we're not – we're not touching this. And so, you know, I was like, okay,	2 3 4 5 6 7	carrying value during the seven-month period between June 3rd and the end of the year, 2019? MS. DANDENEAU: Objection to form. A. No. I mean, I'm putting myself back at that time, right. Hindsight is 2020, but we didn't do an analysis, but we would have done a	Page 265
2 3 4 5 6 7 8	WATERHOUSE - 10-19-21 you crazy, we're not auditing this. Values change, all these things change, bankruptcy changes the entire scenario. I mean and they're like, we're not we're not touching this. And so, you know, I was like, okay, sorry, I get it, okay, no an audit.	2 3 4 5 6 7 8	carrying value during the seven-month period between June 3rd and the end of the year, 2019? MS. DANDENEAU: Objection to form. A. No. I mean, I'm putting myself back at that time, right. Hindsight is 2020, but we didn't do an analysis, but we would have done a fulsome analysis and looked at all of the facts	Page 265
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 you crazy, we're not auditing this. Values change, all these things change, bankruptcy changes the entire scenario. I mean – and they're like, we're not – we're not touching this. And so, you know, I was like, okay, sorry, I get it, okay, no an audit. I mean, it is – you know, and –	2 3 4 5 6 7 8 9	carrying value during the seven-month period between June 3rd and the end of the year, 2019? MS. DANDENEAU: Objection to form. A. No. I mean, I'm putting myself back at that time, right. Hindsight is 2020, but we didn't do an analysis, but we would have done a fulsome analysis and looked at all of the facts and circumstances at the time, but asset values	Page 265
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 you crazy, we're not auditing this. Values change, all these things change, bankruptcy changes the entire scenario. I mean – and they're like, we're not – we're not touching this. And so, you know, I was like, okay, sorry, I get it, okay, no an audit. I mean, it is – you know, and – you know, and we weren't preparing GAAP	2 3 4 5 6 7 8 9	carrying value during the seven-month period between June 3rd and the end of the year, 2019? MS. DANDENEAU: Objection to form. A. No. I mean, I'm putting myself back at that time, right. Hindsight is 2020, but we didn't do an analysis, but we would have done a fulsome analysis and looked at all of the facts and circumstances at the time, but asset values change. You know, there could have been a	Page 265
2 3 4 5 6 7 8 9 10	WATERHOUSE - 10-19-21 you crazy, we're not auditing this. Values change, all these things change, bankruptcy changes the entire scenario. I mean – and they're like, we're not – we're not touching this. And so, you know, I was like, okay, sorry, I get it, okay, no an audit. I mean, it is – you know, and – you know, and we weren't preparing GAAP financial statements.	2 3 4 5 6 7 8 9 10	carrying value during the seven-month period between June 3rd and the end of the year, 2019? MS. DANDENEAU: Objection to form. A. No. I mean, I'm putting myself back at that time, right. Hindsight is 2020, but we didn't do an analysis, but we would have done a fulsome analysis and looked at all of the facts and circumstances at the time, but asset values change. You know, there could have been a market crash in hindsight in 2020, which —	Page 265
2 3 4 5 6 7 8 9 10 11 12	WATERHOUSE - 10-19-21 you crazy, we're not auditing this. Values change, all these things change, bankruptcy changes the entire scenario. I mean – and they're like, we're not – we're not touching this. And so, you know, I was like, okay, sorry, I get it, okay, no an audit. I mean, it is – you know, and – you know, and we weren't preparing GAAP financial statements. Again, I didn't know what we were	2 3 4 5 6 7 8 9 10 11 12	carrying value during the seven-month period between June 3rd and the end of the year, 2019? MS. DANDENEAU: Objection to form. A. No. I mean, I'm putting myself back at that time, right. Hindsight is 2020, but we didn't do an analysis, but we would have done a fulsome analysis and looked at all of the facts and circumstances at the time, but asset values change. You know, there could have been a market crash in hindsight in 2020, which — which affected entities' abilities. There could have been all of these things, right, that — that happen. It is —	Page 265
2 3 4 5 6 7 8 9 10 11 12 13	WATERHOUSE - 10-19-21 you crazy, we're not auditing this. Values change, all these things change, bankruptcy changes the entire scenario. I mean – and they're like, we're not – we're not touching this. And so, you know, I was like, okay, sorry, I get it, okay, no an audit. I mean, it is – you know, and – you know, and we weren't preparing GAAP financial statements. Again, I didn't know what we were doing in relation to our financial statements,	2 3 4 5 6 7 8 9 10 11 12 13	carrying value during the seven-month period between June 3rd and the end of the year, 2019? MS. DANDENEAU: Objection to form. A. No. I mean, I'm putting myself back at that time, right. Hindsight is 2020, but we didn't do an analysis, but we would have done a fulsome analysis and looked at all of the facts and circumstances at the time, but asset values change. You know, there could have been a market crash in hindsight in 2020, which — which affected entities' abilities. There could have been all of these	Page 265
2 3 4 5 6 7 8 9 10 11 12 13 14	WATERHOUSE - 10-19-21 you crazy, we're not auditing this. Values change, all these things change, bankruptcy changes the entire scenario. I mean – and they're like, we're not – we're not touching this. And so, you know, I was like, okay, sorry, I get it, okay, no an audit. I mean, it is – you know, and – you know, and we weren't preparing GAAP financial statements. Again, I didn't know what we were doing in relation to our financial statements, but these were the discussions I was having at	2 3 4 5 6 7 8 9 10 11 12 13 14	carrying value during the seven-month period between June 3rd and the end of the year, 2019? MS. DANDENEAU: Objection to form. A. No. I mean, I'm putting myself back at that time, right. Hindsight is 2020, but we didn't do an analysis, but we would have done a fulsome analysis and looked at all of the facts and circumstances at the time, but asset values change. You know, there could have been a market crash in hindsight in 2020, which — which affected entities' abilities. There could have been all of these things, right, that — that happen. It is —	Page 265
2 3 4 5 6 7 8 9 10 11 12 13 14 15	WATERHOUSE - 10-19-21 you crazy, we're not auditing this. Values change, all these things change, bankruptcy changes the entire scenario. I mean – and they're like, we're not – we're not touching this. And so, you know, I was like, okay, sorry, I get it, okay, no an audit. I mean, it is – you know, and – you know, and we weren't preparing GAAP financial statements. Again, I didn't know what we were doing in relation to our financial statements, but these were the discussions I was having at the time. And yeah, I mean, filing bankruptcy	2 3 4 5 6 7 8 9 10 11 12 13 14 15	carrying value during the seven-month period between June 3rd and the end of the year, 2019? MS. DANDENEAU: Objection to form. A. No. I mean, I'm putting myself back at that time, right. Hindsight is 2020, but we didn't do an analysis, but we would have done a fulsome analysis and looked at all of the facts and circumstances at the time, but asset values change. You know, there could have been a market crash in hindsight in 2020, which — which affected entities' abilities. There could have been all of these things, right, that — that happen. It is — it is easy to look back in hindsight, but when	Page 265
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	WATERHOUSE - 10-19-21 you crazy, we're not auditing this. Values change, all these things change, bankruptcy changes the entire scenario. I mean – and they're like, we're not – we're not touching this. And so, you know, I was like, okay, sorry, I get it, okay, no an audit. I mean, it is – you know, and – you know, and we weren't preparing GAAP financial statements. Again, I didn't know what we were doing in relation to our financial statements, but these were the discussions I was having at the time. And yeah, I mean, filing bankruptcy from what I got from outside auditors and	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	carrying value during the seven-month period between June 3rd and the end of the year, 2019? MS. DANDENEAU: Objection to form. A. No. I mean, I'm putting myself back at that time, right. Hindsight is 2020, but we didn't do an analysis, but we would have done a fulsome analysis and looked at all of the facts and circumstances at the time, but asset values change. You know, there could have been a market crash in hindsight in 2020, which — which affected entities' abilities. There could have been all of these things, right, that — that happen. It is — it is easy to look back in hindsight, but when you are looking at this in — in realtime, the	Page 265
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	WATERHOUSE - 10-19-21 you crazy, we're not auditing this. Values change, all these things change, bankruptcy changes the entire scenario. I mean – and they're like, we're not – we're not touching this. And so, you know, I was like, okay, sorry, I get it, okay, no an audit. I mean, it is – you know, and – you know, and we weren't preparing GAAP financial statements. Again, I didn't know what we were doing in relation to our financial statements, but these were the discussions I was having at the time. And yeah, I mean, filing bankruptcy from what I got from outside auditors and others involved changed things dramatically. Q. Okay. Highland wasn't the obligor under any of the notes that we're talking	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	carrying value during the seven-month period between June 3rd and the end of the year, 2019? MS. DANDENEAU: Objection to form. A. No. I mean, I'm putting myself back at that time, right. Hindsight is 2020, but we didn't do an analysis, but we would have done a fulsome analysis and looked at all of the facts and circumstances at the time, but asset values change. You know, there could have been a market crash in hindsight in 2020, which — which affected entities' abilities. There could have been all of these things, right, that — that happen. It is — it is easy to look back in hindsight, but when you are looking at this in — in realtime, the analysis is different, and again, we didn't do an analysis. Q. Okay. You didn't do an analysis.	Page 265
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	WATERHOUSE - 10-19-21 you crazy, we're not auditing this. Values change, all these things change, bankruptcy changes the entire scenario. I mean – and they're like, we're not – we're not touching this. And so, you know, I was like, okay, sorry, I get it, okay, no an audit. I mean, it is – you know, and – you know, and we weren't preparing GAAP financial statements. Again, I didn't know what we were doing in relation to our financial statements, but these were the discussions I was having at the time. And yeah, I mean, filing bankruptcy from what I got from outside auditors and others involved changed things dramatically. Q. Okay. Highland wasn't the obligor under any of the notes that we're talking about; correct?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	carrying value during the seven-month period between June 3rd and the end of the year, 2019? MS. DANDENEAU: Objection to form. A. No. I mean, I'm putting myself back at that time, right. Hindsight is 2020, but we didn't do an analysis, but we would have done a fulsome analysis and looked at all of the facts and circumstances at the time, but asset values change. You know, there could have been a market crash in hindsight in 2020, which — which affected entities' abilities. There could have been all of these things, right, that — that happen. It is — it is easy to look back in hindsight, but when you are looking at this in — in realtime, the analysis is different, and again, we didn't do an analysis. Q. Okay. You didn't do an analysis. Do I have that right?	Page 265
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	WATERHOUSE - 10-19-21 you crazy, we're not auditing this. Values change, all these things change, bankruptcy changes the entire scenario. I mean – and they're like, we're not – we're not touching this. And so, you know, I was like, okay, sorry, I get it, okay, no an audit. I mean, it is – you know, and – you know, and we weren't preparing GAAP financial statements. Again, I didn't know what we were doing in relation to our financial statements, but these were the discussions I was having at the time. And yeah, I mean, filing bankruptcy from what I got from outside auditors and others involved changed things dramatically. Q. Okay. Highland wasn't the obligor under any of the notes that we're talking about; correct? A. No.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	carrying value during the seven-month period between June 3rd and the end of the year, 2019? MS. DANDENEAU: Objection to form. A. No. I mean, I'm putting myself back at that time, right. Hindsight is 2020, but we didn't do an analysis, but we would have done a fulsome analysis and looked at all of the facts and circumstances at the time, but asset values change. You know, there could have been a market crash in hindsight in 2020, which — which affected entities' abilities. There could have been all of these things, right, that — that happen. It is — it is easy to look back in hindsight, but when you are looking at this in — in realtime, the analysis is different, and again, we didn't do an analysis. Q. Okay. You didn't do an analysis. Do I have that right? A. I don't — I don't recall doing one	Page 265
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	WATERHOUSE - 10-19-21 you crazy, we're not auditing this. Values change, all these things change, bankruptcy changes the entire scenario. I mean – and they're like, we're not – we're not touching this. And so, you know, I was like, okay, sorry, I get it, okay, no an audit. I mean, it is – you know, and – you know, and we weren't preparing GAAP financial statements. Again, I didn't know what we were doing in relation to our financial statements, but these were the discussions I was having at the time. And yeah, I mean, filing bankruptcy from what I got from outside auditors and others involved changed things dramatically. Q. Okay. Highland wasn't the obligor under any of the notes that we're talking about; correct? A. No. Q. So –	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	carrying value during the seven-month period between June 3rd and the end of the year, 2019? MS. DANDENEAU: Objection to form. A. No. I mean, I'm putting myself back at that time, right. Hindsight is 2020, but we didn't do an analysis, but we would have done a fulsome analysis and looked at all of the facts and circumstances at the time, but asset values change. You know, there could have been a market crash in hindsight in 2020, which — which affected entities' abilities. There could have been all of these things, right, that — that happen. It is — it is easy to look back in hindsight, but when you are looking at this in — in realtime, the analysis is different, and again, we didn't do an analysis. Q. Okay. You didn't do an analysis. Do I have that right?	Page 265
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	WATERHOUSE - 10-19-21 you crazy, we're not auditing this. Values change, all these things change, bankruptcy changes the entire scenario. I mean – and they're like, we're not – we're not touching this. And so, you know, I was like, okay, sorry, I get it, okay, no an audit. I mean, it is – you know, and – you know, and we weren't preparing GAAP financial statements. Again, I didn't know what we were doing in relation to our financial statements, but these were the discussions I was having at the time. And yeah, I mean, filing bankruptcy from what I got from outside auditors and others involved changed things dramatically. Q. Okay. Highland wasn't the obligor under any of the notes that we're talking about; correct? A. No. Q. So – A. That's right.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	carrying value during the seven-month period between June 3rd and the end of the year, 2019? MS. DANDENEAU: Objection to form. A. No. I mean, I'm putting myself back at that time, right. Hindsight is 2020, but we didn't do an analysis, but we would have done a fulsome analysis and looked at all of the facts and circumstances at the time, but asset values change. You know, there could have been a market crash in hindsight in 2020, which — which affected entities' abilities. There could have been all of these things, right, that — that happen. It is — it is easy to look back in hindsight, but when you are looking at this in — in realtime, the analysis is different, and again, we didn't do an analysis. Q. Okay. You didn't do an analysis. Do I have that right? A. I don't — I don't recall doing one or maybe — you know, I don't recall doing one. MR. MORRIS: Okay. I'm going to	Page 265
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	waterhouse - 10-19-21 you crazy, we're not auditing this. Values change, all these things change, bankruptcy changes the entire scenario. I mean – and they're like, we're not – we're not touching this. And so, you know, I was like, okay, sorry, I get it, okay, no an audit. I mean, it is – you know, and – you know, and we weren't preparing GAAP financial statements. Again, I didn't know what we were doing in relation to our financial statements, but these were the discussions I was having at the time. And yeah, I mean, filing bankruptcy from what I got from outside auditors and others involved changed things dramatically. Q. Okay. Highland wasn't the obligor under any of the notes that we're talking about; correct? A. No. Q. So – A. That's right. Q. So can you identify any fact that	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	carrying value during the seven-month period between June 3rd and the end of the year, 2019? MS. DANDENEAU: Objection to form. A. No. I mean, I'm putting myself back at that time, right. Hindsight is 2020, but we didn't do an analysis, but we would have done a fulsome analysis and looked at all of the facts and circumstances at the time, but asset values change. You know, there could have been a market crash in hindsight in 2020, which — which affected entities' abilities. There could have been all of these things, right, that — that happen. It is — it is easy to look back in hindsight, but when you are looking at this in — in realtime, the analysis is different, and again, we didn't do an analysis. Q. Okay. You didn't do an analysis. Do I have that right? A. I don't — I don't recall doing one or maybe — you know, I don't recall doing one. MR. MORRIS: Okay. I'm going to take a break. I may be done, so the time	Page 265
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	WATERHOUSE - 10-19-21 you crazy, we're not auditing this. Values change, all these things change, bankruptcy changes the entire scenario. I mean – and they're like, we're not – we're not touching this. And so, you know, I was like, okay, sorry, I get it, okay, no an audit. I mean, it is – you know, and – you know, and we weren't preparing GAAP financial statements. Again, I didn't know what we were doing in relation to our financial statements, but these were the discussions I was having at the time. And yeah, I mean, filing bankruptcy from what I got from outside auditors and others involved changed things dramatically. Q. Okay. Highland wasn't the obligor under any of the notes that we're talking about; correct? A. No. Q. So – A. That's right.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	carrying value during the seven-month period between June 3rd and the end of the year, 2019? MS. DANDENEAU: Objection to form. A. No. I mean, I'm putting myself back at that time, right. Hindsight is 2020, but we didn't do an analysis, but we would have done a fulsome analysis and looked at all of the facts and circumstances at the time, but asset values change. You know, there could have been a market crash in hindsight in 2020, which — which affected entities' abilities. There could have been all of these things, right, that — that happen. It is — it is easy to look back in hindsight, but when you are looking at this in — in realtime, the analysis is different, and again, we didn't do an analysis. Q. Okay. You didn't do an analysis. Do I have that right? A. I don't — I don't recall doing one or maybe — you know, I don't recall doing one. MR. MORRIS: Okay. I'm going to	Page 265

_				
1	Page 266 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 267
2	take a short break until 4:40 your time.	2	had - I just think it's appropriate to -	
3	MS. DANDENEAU: Okay.	3	to dump documents on somebody 10 minutes	
4	VIDEOGRAPHER: We're going off the	4	before the deposition. I just think	
5	record, 4:31 p.m.	5	that's -	
6	(Recess taken 4:31 p.m. to 4:43 p.m.)	6	MR. RUKAVINA: Well, these are	
7	VIDEOGRAPHER: We are back on the	7	documents Highland produced. I'm not aware	
8	record at 4:43 p.m.	8	of any rule I have to give you advance	
9	MR. MORRIS: I have no further	9	documents when I know for the record that	
10	questions.	10	other than the exhibits that you sent to us	
11	MR. RUKAVINA: Okay.	11	last week, most of the exhibits you used	
12	Mr. Waterhouse, I will go next.	12	today you did not provide to me prior to	
13	EXAMINATION	13	this deposition.	
14	BY MR. RUKAVINA:	14	MR. MORRIS: No, but the documents	
15	Q. Sir, my name is Davor Rukavina. I'm	15	were produced by me in – in litigation,	
16	the lawyer for –	16	right?	
17	MR. MORRIS: Hey, Davor, just before	17	MR. RUKAVINA: I'm going to use	
18	you begin, I just want to put on the record	18	primarily, John, the documents that you	
19		19	produced to me today, but you may.	
20	Highland's objection to documents that were	20	MR. MORRIS: Primarily. I've got –	
1	produced to me 10 minutes before the			
21	deposition began.	21	I've got my objection. You have got your	
22	MR. RUKAVINA: What the basis of	22	response. Proceed.	
23	your objection?	23	Q. Mr. Waterhouse, again, I represent	
24	MR. MORRIS: That they were due	24	the advisors, HCMFA and NexPoint Advisors.	
25	quite some time ago, and the fact that you	25	Do you understand that?	
	Page 268	1	WATER IOLICE 40 40 24	Page 269
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 269
2	WATERHOUSE - 10-19-21 A. Yes.	2	Q. Were you ever the CFO of HCMFA?	Page 269
2 3	WATERHOUSE - 10-19-21 A. Yes. Q. You and I have never met or talked	2	Q. Were you ever the CFO of HCMFA?A. I don't recall.	Page 269
2 3 4	WATERHOUSE - 10-19-21 A. Yes. Q. You and I have never met or talked before today, have we?	2	Q. Were you ever the CFO of HCMFA?A. I don't recall.Q. So to the best of your recollection,	Page 269
2 3 4 5	WATERHOUSE - 10-19-21 A. Yes. Q. You and I have never met or talked before today, have we? A. No, I have – I have heard your	2 3 4 5	 Q. Were you ever the CFO of HCMFA? A. I don't recall. Q. So to the best of your recollection, you were still an officer of HCMFA in 2019, 	Page 269
2 3 4 5 6	WATERHOUSE - 10-19-21 A. Yes. Q. You and I have never met or talked before today, have we? A. No, I have – I have heard your voice on calls before.	2 3 4 5 6	 Q. Were you ever the CFO of HCMFA? A. I don't recall. Q. So to the best of your recollection, you were still an officer of HCMFA in 2019, just that your title was treasurer? 	Page 269
2 3 4 5 6 7	WATERHOUSE - 10-19-21 A. Yes. Q. You and I have never met or talked before today, have we? A. No, I have — I have heard your voice on calls before. Q. Okay.	2 3 4 5 6 7	 Q. Were you ever the CFO of HCMFA? A. I don't recall. Q. So to the best of your recollection, you were still an officer of HCMFA in 2019, just that your title was treasurer? MR. MORRIS: Object to the form of 	Page 269
2 3 4 5 6 7 8	WATERHOUSE - 10-19-21 A. Yes. Q. You and I have never met or talked before today, have we? A. No, I have – I have heard your voice on calls before. Q. Okay. MR. RUKAVINA: Madam Court Reporter,	2 3 4 5 6 7 8	 Q. Were you ever the CFO of HCMFA? A. I don't recall. Q. So to the best of your recollection, you were still an officer of HCMFA in 2019, just that your title was treasurer? MR. MORRIS: Object to the form of the question. There is no leading here. 	Page 269
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 A. Yes. Q. You and I have never met or talked before today, have we? A. No, I have — I have heard your voice on calls before. Q. Okay. MR. RUKAVINA: Madam Court Reporter, I will use a few exhibits today. My	2 3 4 5 6 7 8 9	 Q. Were you ever the CFO of HCMFA? A. I don't recall. Q. So to the best of your recollection, you were still an officer of HCMFA in 2019, just that your title was treasurer? MR. MORRIS: Object to the form of the question. There is no leading here. He works for your client. 	Page 269
2 3 4 5 6 7 8 9 10	WATERHOUSE - 10-19-21 A. Yes. Q. You and I have never met or talked before today, have we? A. No, I have — I have heard your voice on calls before. Q. Okay. MR. RUKAVINA: Madam Court Reporter, I will use a few exhibits today. My associate, Mr. Nguyen, will find some way	2 3 4 5 6 7 8 9	 Q. Were you ever the CFO of HCMFA? A. I don't recall. Q. So to the best of your recollection, you were still an officer of HCMFA in 2019, just that your title was treasurer? MR. MORRIS: Object to the form of the question. There is no leading here. He works for your client. MS. DANDENEAU: That is not – that 	Page 269
2 3 4 5 6 7 8 9 10 11	WATERHOUSE - 10-19-21 A. Yes. Q. You and I have never met or talked before today, have we? A. No, I have — I have heard your voice on calls before. Q. Okay. MR. RUKAVINA: Madam Court Reporter, I will use a few exhibits today. My associate, Mr. Nguyen, will find some way to get them to you. I don't know how to do	2 3 4 5 6 7 8 9 10	 Q. Were you ever the CFO of HCMFA? A. I don't recall. Q. So to the best of your recollection, you were still an officer of HCMFA in 2019, just that your title was treasurer? MR. MORRIS: Object to the form of the question. There is no leading here. He works for your client. MS. DANDENEAU: That is not – that is not true. 	Page 269
2 3 4 5 6 7 8 9 10 11 12	WATERHOUSE - 10-19-21 A. Yes. Q. You and I have never met or talked before today, have we? A. No, I have — I have heard your voice on calls before. Q. Okay. MR. RUKAVINA: Madam Court Reporter, I will use a few exhibits today. My associate, Mr. Nguyen, will find some way to get them to you. I don't know how to do that, but it looks like you guys do.	2 3 4 5 6 7 8 9 10 11 12	Q. Were you ever the CFO of HCMFA? A. I don't recall. Q. So to the best of your recollection, you were still an officer of HCMFA in 2019, just that your title was treasurer? MR. MORRIS: Object to the form of the question. There is no leading here. He works for your client. MS. DANDENEAU: That is not – that is not true. MR. MORRIS: He's the treasurer –	Page 269
2 3 4 5 6 7 8 9 10 11 12 13	WATERHOUSE - 10-19-21 A. Yes. Q. You and I have never met or talked before today, have we? A. No, I have — I have heard your voice on calls before. Q. Okay. MR. RUKAVINA: Madam Court Reporter, I will use a few exhibits today. My associate, Mr. Nguyen, will find some way to get them to you. I don't know how to do that, but it looks like you guys do. I am going to use numbers as well.	2 3 4 5 6 7 8 9 10 11 12 13	Q. Were you ever the CFO of HCMFA? A. I don't recall. Q. So to the best of your recollection, you were still an officer of HCMFA in 2019, just that your title was treasurer? MR. MORRIS: Object to the form of the question. There is no leading here. He works for your client. MS. DANDENEAU: That is not – that is not true. MR. MORRIS: He's the treasurer – he is the treasurer of your client. I	Page 269
2 3 4 5 6 7 8 9 10 11 12 13	WATERHOUSE - 10-19-21 A. Yes. Q. You and I have never met or talked before today, have we? A. No, I have — I have heard your voice on calls before. Q. Okay. MR. RUKAVINA: Madam Court Reporter, I will use a few exhibits today. My associate, Mr. Nguyen, will find some way to get them to you. I don't know how to do that, but it looks like you guys do. I am going to use numbers as well. But to differentiate them from Mr. Morris	2 3 4 5 6 7 8 9 10 11 12 13 14	Q. Were you ever the CFO of HCMFA? A. I don't recall. Q. So to the best of your recollection, you were still an officer of HCMFA in 2019, just that your title was treasurer? MR. MORRIS: Object to the form of the question. There is no leading here. He works for your client. MS. DANDENEAU: That is not – that is not true. MR. MORRIS: He's the treasurer – he is the treasurer of your client. I don't – I'm going to object every time you	Page 269
2 3 4 5 6 7 8 9 10 11 12 13 14 15	WATERHOUSE - 10-19-21 A. Yes. Q. You and I have never met or talked before today, have we? A. No, I have — I have heard your voice on calls before. Q. Okay. MR. RUKAVINA: Madam Court Reporter, I will use a few exhibits today. My associate, Mr. Nguyen, will find some way to get them to you. I don't know how to do that, but it looks like you guys do. I am going to use numbers as well. But to differentiate them from Mr. Morris we're going to mark mine with the prefix A	2 3 4 5 6 7 8 9 10 11 12 13 14 15	Q. Were you ever the CFO of HCMFA? A. I don't recall. Q. So to the best of your recollection, you were still an officer of HCMFA in 2019, just that your title was treasurer? MR. MORRIS: Object to the form of the question. There is no leading here. He works for your client. MS. DANDENEAU: That is not – that is not true. MR. MORRIS: He's the treasurer – he is the treasurer of your client. I don't – I'm going to object every time you try to lead, so	Page 269
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	WATERHOUSE - 10-19-21 A. Yes. Q. You and I have never met or talked before today, have we? A. No, I have — I have heard your voice on calls before. Q. Okay. MR. RUKAVINA: Madam Court Reporter, I will use a few exhibits today. My associate, Mr. Nguyen, will find some way to get them to you. I don't know how to do that, but it looks like you guys do. I am going to use numbers as well. But to differentiate them from Mr. Morris we're going to mark mine with the prefix A for advisors.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	Q. Were you ever the CFO of HCMFA? A. I don't recall. Q. So to the best of your recollection, you were still an officer of HCMFA in 2019, just that your title was treasurer? MR. MORRIS: Object to the form of the question. There is no leading here. He works for your client. MS. DANDENEAU: That is not – that is not true. MR. MORRIS: He's the treasurer – he is the treasurer of your client. I don't – I'm going to object every time you try to lead, so MR. RUKAVINA: Totally fine to	Page 269
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	WATERHOUSE - 10-19-21 A. Yes. Q. You and I have never met or talked before today, have we? A. No, I have — I have heard your voice on calls before. Q. Okay. MR. RUKAVINA: Madam Court Reporter, I will use a few exhibits today. My associate, Mr. Nguyen, will find some way to get them to you. I don't know how to do that, but it looks like you guys do. I am going to use numbers as well. But to differentiate them from Mr. Morris we're going to mark mine with the prefix A for advisors. Do you understand?	2 3 4 5 6 7 8 9 10 11 12 13 14 15	Q. Were you ever the CFO of HCMFA? A. I don't recall. Q. So to the best of your recollection, you were still an officer of HCMFA in 2019, just that your title was treasurer? MR. MORRIS: Object to the form of the question. There is no leading here. He works for your client. MS. DANDENEAU: That is not – that is not true. MR. MORRIS: He's the treasurer – he is the treasurer of your client. I don't – I'm going to object every time you try to lead, so MR. RUKAVINA: Totally fine to object.	Page 269
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	WATERHOUSE - 10-19-21 A. Yes. Q. You and I have never met or talked before today, have we? A. No, I have — I have heard your voice on calls before. Q. Okay. MR. RUKAVINA: Madam Court Reporter, I will use a few exhibits today. My associate, Mr. Nguyen, will find some way to get them to you. I don't know how to do that, but it looks like you guys do. I am going to use numbers as well. But to differentiate them from Mr. Morris we're going to mark mine with the prefix A for advisors.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	Q. Were you ever the CFO of HCMFA? A. I don't recall. Q. So to the best of your recollection, you were still an officer of HCMFA in 2019, just that your title was treasurer? MR. MORRIS: Object to the form of the question. There is no leading here. He works for your client. MS. DANDENEAU: That is not – that is not true. MR. MORRIS: He's the treasurer – he is the treasurer of your client. I don't – I'm going to object every time you try to lead, so MR. RUKAVINA: Totally fine to	Page 269
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	WATERHOUSE - 10-19-21 A. Yes. Q. You and I have never met or talked before today, have we? A. No, I have — I have heard your voice on calls before. Q. Okay. MR. RUKAVINA: Madam Court Reporter, I will use a few exhibits today. My associate, Mr. Nguyen, will find some way to get them to you. I don't know how to do that, but it looks like you guys do. I am going to use numbers as well. But to differentiate them from Mr. Morris we're going to mark mine with the prefix A for advisors. Do you understand? COURT REPORTER: Yes. MR. RUKAVINA: Okay. Perfect.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Q. Were you ever the CFO of HCMFA? A. I don't recall. Q. So to the best of your recollection, you were still an officer of HCMFA in 2019, just that your title was treasurer? MR. MORRIS: Object to the form of the question. There is no leading here. He works for your client. MS. DANDENEAU: That is not – that is not true. MR. MORRIS: He's the treasurer – he is the treasurer of your client. I don't – I'm going to object every time you try to lead, so MR. RUKAVINA: Totally fine to object. MR. MORRIS: Okay. Q. Please answer my question,	Page 269
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	WATERHOUSE - 10-19-21 A. Yes. Q. You and I have never met or talked before today, have we? A. No, I have — I have heard your voice on calls before. Q. Okay. MR. RUKAVINA: Madam Court Reporter, I will use a few exhibits today. My associate, Mr. Nguyen, will find some way to get them to you. I don't know how to do that, but it looks like you guys do. I am going to use numbers as well. But to differentiate them from Mr. Morris we're going to mark mine with the prefix A for advisors. Do you understand? COURT REPORTER: Yes.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. Were you ever the CFO of HCMFA? A. I don't recall. Q. So to the best of your recollection, you were still an officer of HCMFA in 2019, just that your title was treasurer? MR. MORRIS: Object to the form of the question. There is no leading here. He works for your client. MS. DANDENEAU: That is not – that is not true. MR. MORRIS: He's the treasurer – he is the treasurer of your client. I don't – I'm going to object every time you try to lead, so MR. RUKAVINA: Totally fine to object. MR. MORRIS: Okay.	Page 269
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	WATERHOUSE - 10-19-21 A. Yes. Q. You and I have never met or talked before today, have we? A. No, I have — I have heard your voice on calls before. Q. Okay. MR. RUKAVINA: Madam Court Reporter, I will use a few exhibits today. My associate, Mr. Nguyen, will find some way to get them to you. I don't know how to do that, but it looks like you guys do. I am going to use numbers as well. But to differentiate them from Mr. Morris we're going to mark mine with the prefix A for advisors. Do you understand? COURT REPORTER: Yes. MR. RUKAVINA: Okay. Perfect.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	Q. Were you ever the CFO of HCMFA? A. I don't recall. Q. So to the best of your recollection, you were still an officer of HCMFA in 2019, just that your title was treasurer? MR. MORRIS: Object to the form of the question. There is no leading here. He works for your client. MS. DANDENEAU: That is not – that is not true. MR. MORRIS: He's the treasurer – he is the treasurer of your client. I don't – I'm going to object every time you try to lead, so MR. RUKAVINA: Totally fine to object. MR. MORRIS: Okay. Q. Please answer my question,	Page 269
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	WATERHOUSE - 10-19-21 A. Yes. Q. You and I have never met or talked before today, have we? A. No, I have — I have heard your voice on calls before. Q. Okay. MR. RUKAVINA: Madam Court Reporter, I will use a few exhibits today. My associate, Mr. Nguyen, will find some way to get them to you. I don't know how to do that, but it looks like you guys do. I am going to use numbers as well. But to differentiate them from Mr. Morris we're going to mark mine with the prefix A for advisors. Do you understand? COURT REPORTER: Yes. MR. RUKAVINA: Okay. Perfect. Q. Okay. So, Mr. Waterhouse, let's	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Q. Were you ever the CFO of HCMFA? A. I don't recall. Q. So to the best of your recollection, you were still an officer of HCMFA in 2019, just that your title was treasurer? MR. MORRIS: Object to the form of the question. There is no leading here. He works for your client. MS. DANDENEAU: That is not – that is not true. MR. MORRIS: He's the treasurer – he is the treasurer of your client. I don't – I'm going to object every time you try to lead, so MR. RUKAVINA: Totally fine to object. MR. MORRIS: Okay. Q. Please answer my question, Mr. Waterhouse.	Page 269
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	WATERHOUSE - 10-19-21 A. Yes. Q. You and I have never met or talked before today, have we? A. No, I have — I have heard your voice on calls before. Q. Okay. MR. RUKAVINA: Madam Court Reporter, I will use a few exhibits today. My associate, Mr. Nguyen, will find some way to get them to you. I don't know how to do that, but it looks like you guys do. I am going to use numbers as well. But to differentiate them from Mr. Morris we're going to mark mine with the prefix A for advisors. Do you understand? COURT REPORTER: Yes. MR. RUKAVINA: Okay. Perfect. Q. Okay. So, Mr. Waterhouse, let's start with those two HCMFA notes that you were	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. Were you ever the CFO of HCMFA? A. I don't recall. Q. So to the best of your recollection, you were still an officer of HCMFA in 2019, just that your title was treasurer? MR. MORRIS: Object to the form of the question. There is no leading here. He works for your client. MS. DANDENEAU: That is not – that is not true. MR. MORRIS: He's the treasurer – he is the treasurer of your client. I don't – I'm going to object every time you try to lead, so MR. RUKAVINA: Totally fine to object. MR. MORRIS: Okay. Q. Please answer my question, Mr. Waterhouse. A. I'm sorry, could you repeat? There	Page 269
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	WATERHOUSE - 10-19-21 A. Yes. Q. You and I have never met or talked before today, have we? A. No, I have — I have heard your voice on calls before. Q. Okay. MR. RUKAVINA: Madam Court Reporter, I will use a few exhibits today. My associate, Mr. Nguyen, will find some way to get them to you. I don't know how to do that, but it looks like you guys do. I am going to use numbers as well. But to differentiate them from Mr. Morris we're going to mark mine with the prefix A for advisors. Do you understand? COURT REPORTER: Yes. MR. RUKAVINA: Okay. Perfect. Q. Okay. So, Mr. Waterhouse, let's start with those two HCMFA notes that you were asked about, one for 5 million and one for	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. Were you ever the CFO of HCMFA? A. I don't recall. Q. So to the best of your recollection, you were still an officer of HCMFA in 2019, just that your title was treasurer? MR. MORRIS: Object to the form of the question. There is no leading here. He works for your client. MS. DANDENEAU: That is not – that is not true. MR. MORRIS: He's the treasurer – he is the treasurer of your client. I don't – I'm going to object every time you try to lead, so MR. RUKAVINA: Totally fine to object. MR. MORRIS: Okay. Q. Please answer my question, Mr. Waterhouse. A. I'm sorry, could you repeat? There was	Page 269
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	WATERHOUSE - 10-19-21 A. Yes. Q. You and I have never met or talked before today, have we? A. No, I have — I have heard your voice on calls before. Q. Okay. MR. RUKAVINA: Madam Court Reporter, I will use a few exhibits today. My associate, Mr. Nguyen, will find some way to get them to you. I don't know how to do that, but it looks like you guys do. I am going to use numbers as well. But to differentiate them from Mr. Morris we're going to mark mine with the prefix A for advisors. Do you understand? COURT REPORTER: Yes. MR. RUKAVINA: Okay. Perfect. Q. Okay. So, Mr. Waterhouse, let's start with those two HCMFA notes that you were asked about, one for 5 million and one for 2.4 million.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. Were you ever the CFO of HCMFA? A. I don't recall. Q. So to the best of your recollection, you were still an officer of HCMFA in 2019, just that your title was treasurer? MR. MORRIS: Object to the form of the question. There is no leading here. He works for your client. MS. DANDENEAU: That is not – that is not true. MR. MORRIS: He's the treasurer – he is the treasurer of your client. I don't – I'm going to object every time you try to lead, so MR. RUKAVINA: Totally fine to object. MR. MORRIS: Okay. Q. Please answer my question, Mr. Waterhouse. A. I'm sorry, could you repeat? There was Q. Yes. You were – you testified	Page 269

Page 270 1 WATERHOUSE - 10-19-21	Page 271 1 WATERHOUSE - 10-19-21
2 A. Yes, I testified that I was the	2 chief financial officer of the debtor, Highland
3 treasurer and I didn't know if that incumbency	3 Capital Management, L.P., in May of 2019, did
4 certificate, you know, was one that appointed	4 you believe that you unilaterally, just Frank
5 me as a treasurer, but yes.	5 Waterhouse, had the authority to loan on behalf
6 Q. I'm just trying to confirm that	6 of the debtor to anyone \$5 million and
7 sitting here today, to the best of your	7 \$2.4 million?
8 recollection, at that time you were – your	8 MR. MORRIS: Objection to the form
9 title was treasurer. It was not chief	9 of the question.
10 financial officer.	10 A. No.
11 A. I don't recall that being my title.	11 Q. Is it because loans of that amount
12 Q. Okay. And in May of 2019, however,	12 would have had to be approved by someone else?
13 I think you testified you were the chief	13 A. Yes.
14 financial officer of the debtor; correct?	14 Q. Who in '20 in May of 2019, if
The state of the s	•
·	15 Highland wanted to loan 5 million or
16 of the question.	16 \$2.4 million to someone, what would have been
17 A. Yes, I was – yes.	17 the internal approval procedure?
18 Q. Okay. As such, in May of 2019, did	18 MR. MORRIS: Objection to the form
19 you have the authority, to your understanding,	19 of the question.
20 to unilaterally loan \$5 million or \$2.4 million	20 A. If – if we had loans of that nature
21 to anyone on behalf of the debtor?	21 that needed to be made due to their size, we
22 MR. MORRIS: Objection to the form	22 would have gotten approval from the – the
23 of the question.	23 president of Highland.
24 A. Sorry, can you repeat that?	24 Q. And who that was individual?
25 Q. Yes. So in your capacity as the	25 A. It was James Dondero.
Page 272	Page 273
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
1 WATERHOUSE - 10-19-21 2 Q. Okay. Now, I'm going to ask you a	 WATERHOUSE - 10-19-21 A. That was James – Jim Dondero.
1 WATERHOUSE - 10-19-21 2 Q. Okay. Now, I'm going to ask you a 3 similar question but for a different entity.	 WATERHOUSE - 10-19-21 A. That was James – Jim Dondero. Q. So do I understand that in May of
1 WATERHOUSE - 10-19-21 2 Q. Okay. Now, I'm going to ask you a 3 similar question but for a different entity. 4 In May of 2019, as the treasurer of	 WATERHOUSE - 10-19-21 A. That was James – Jim Dondero. Q. So do I understand that in May of 2019, on behalf of both the lender, Highland,
1 WATERHOUSE - 10-19-21 2 Q. Okay. Now, I'm going to ask you a 3 similar question but for a different entity. 4 In May of 2019, as the treasurer of 5 HCMFA, did you believe that you unilaterally	 WATERHOUSE - 10-19-21 A. That was James – Jim Dondero. Q. So do I understand that in May of 2019, on behalf of both the lender, Highland, and the borrower, HCMFA, Mr. Dondero would have
1 WATERHOUSE - 10-19-21 2 Q. Okay. Now, I'm going to ask you a 3 similar question but for a different entity. 4 In May of 2019, as the treasurer of 5 HCMFA, did you believe that you unilaterally 6 had the ability to cause HCMFA to become the	 WATERHOUSE - 10-19-21 A. That was James – Jim Dondero. Q. So do I understand that in May of 2019, on behalf of both the lender, Highland, and the borrower, HCMFA, Mr. Dondero would have had to approve \$7.4 million in loans?
1 WATERHOUSE - 10-19-21 2 Q. Okay. Now, I'm going to ask you a 3 similar question but for a different entity. 4 In May of 2019, as the treasurer of 5 HCMFA, did you believe that you unilaterally 6 had the ability to cause HCMFA to become the 7 borrower of a \$5 million loan and a	 WATERHOUSE - 10-19-21 A. That was James – Jim Dondero. Q. So do I understand that in May of 2019, on behalf of both the lender, Highland, and the borrower, HCMFA, Mr. Dondero would have had to approve \$7.4 million in loans? MR. MORRIS: Objection to the form
1 WATERHOUSE - 10-19-21 2 Q. Okay. Now, I'm going to ask you a 3 similar question but for a different entity. 4 In May of 2019, as the treasurer of 5 HCMFA, did you believe that you unilaterally 6 had the ability to cause HCMFA to become the 7 borrower of a \$5 million loan and a 8 \$2.4 million loan?	 WATERHOUSE - 10-19-21 A. That was James – Jim Dondero. Q. So do I understand that in May of 2019, on behalf of both the lender, Highland, and the borrower, HCMFA, Mr. Dondero would have had to approve \$7.4 million in loans? MR. MORRIS: Objection to the form of the question.
1 WATERHOUSE - 10-19-21 2 Q. Okay. Now, I'm going to ask you a 3 similar question but for a different entity. 4 In May of 2019, as the treasurer of 5 HCMFA, did you believe that you unilaterally 6 had the ability to cause HCMFA to become the 7 borrower of a \$5 million loan and a 8 \$2.4 million loan? 9 MR. MORRIS: Objection to the form	 WATERHOUSE - 10-19-21 A. That was James – Jim Dondero. Q. So do I understand that in May of 2019, on behalf of both the lender, Highland, and the borrower, HCMFA, Mr. Dondero would have had to approve \$7.4 million in loans? MR. MORRIS: Objection to the form of the question. A. Yes.
1 WATERHOUSE - 10-19-21 2 Q. Okay. Now, I'm going to ask you a 3 similar question but for a different entity. 4 In May of 2019, as the treasurer of 5 HCMFA, did you believe that you unilaterally 6 had the ability to cause HCMFA to become the 7 borrower of a \$5 million loan and a 8 \$2.4 million loan? 9 MR. MORRIS: Objection to the form 10 of the question.	WATERHOUSE - 10-19-21 A. That was James — Jim Dondero. Q. So do I understand that in May of 2019, on behalf of both the lender, Highland, and the borrower, HCMFA, Mr. Dondero would have had to approve \$7.4 million in loans? MR. MORRIS: Objection to the form of the question. A. Yes. Q. You mentioned when Mr. Morris was
1 WATERHOUSE - 10-19-21 2 Q. Okay. Now, I'm going to ask you a 3 similar question but for a different entity. 4 In May of 2019, as the treasurer of 5 HCMFA, did you believe that you unilaterally 6 had the ability to cause HCMFA to become the 7 borrower of a \$5 million loan and a 8 \$2.4 million loan? 9 MR. MORRIS: Objection to the form 10 of the question. 11 A. No.	 WATERHOUSE - 10-19-21 A. That was James – Jim Dondero. Q. So do I understand that in May of 2019, on behalf of both the lender, Highland, and the borrower, HCMFA, Mr. Dondero would have had to approve \$7.4 million in loans? MR. MORRIS: Objection to the form of the question. A. Yes. Q. You mentioned when Mr. Morris was asking you the NAV error, N-A-V error, with
1 WATERHOUSE - 10-19-21 2 Q. Okay. Now, I'm going to ask you a 3 similar question but for a different entity. 4 In May of 2019, as the treasurer of 5 HCMFA, did you believe that you unilaterally 6 had the ability to cause HCMFA to become the 7 borrower of a \$5 million loan and a 8 \$2.4 million loan? 9 MR. MORRIS: Objection to the form 10 of the question. 11 A. No. 12 Q. What would – what would the	 WATERHOUSE - 10-19-21 A. That was James – Jim Dondero. Q. So do I understand that in May of 2019, on behalf of both the lender, Highland, and the borrower, HCMFA, Mr. Dondero would have had to approve \$7.4 million in loans? MR. MORRIS: Objection to the form of the question. A. Yes. Q. You mentioned when Mr. Morris was asking you the NAV error, N-A-V error, with respect to TerreStar, without writing us a
1 WATERHOUSE - 10-19-21 2 Q. Okay. Now, I'm going to ask you a 3 similar question but for a different entity. 4 In May of 2019, as the treasurer of 5 HCMFA, did you believe that you unilaterally 6 had the ability to cause HCMFA to become the 7 borrower of a \$5 million loan and a 8 \$2.4 million loan? 9 MR. MORRIS: Objection to the form 10 of the question. 11 A. No. 12 Q. What would – what would the 13 approval have taken place – strike that.	WATERHOUSE - 10-19-21 A. That was James — Jim Dondero. Q. So do I understand that in May of 2019, on behalf of both the lender, Highland, and the borrower, HCMFA, Mr. Dondero would have had to approve \$7.4 million in loans? MR. MORRIS: Objection to the form of the question. A. Yes. Q. You mentioned when Mr. Morris was asking you the NAV error, N-A-V error, with respect to TerreStar, without writing us a novel, unless you feel like you have to, can
1 WATERHOUSE - 10-19-21 2 Q. Okay. Now, I'm going to ask you a 3 similar question but for a different entity. 4 In May of 2019, as the treasurer of 5 HCMFA, did you believe that you unilaterally 6 had the ability to cause HCMFA to become the 7 borrower of a \$5 million loan and a 8 \$2.4 million loan? 9 MR. MORRIS: Objection to the form 10 of the question. 11 A. No. 12 Q. What would – what would the 13 approval have taken place – strike that. 14 What would the approval process have	 WATERHOUSE - 10-19-21 A. That was James – Jim Dondero. Q. So do I understand that in May of 2019, on behalf of both the lender, Highland, and the borrower, HCMFA, Mr. Dondero would have had to approve \$7.4 million in loans? MR. MORRIS: Objection to the form of the question. A. Yes. Q. You mentioned when Mr. Morris was asking you the NAV error, N-A-V error, with respect to TerreStar, without writing us a novel, unless you feel like you have to, can you summarize what that NAV error was? What
1 WATERHOUSE - 10-19-21 2 Q. Okay. Now, I'm going to ask you a 3 similar question but for a different entity. 4 In May of 2019, as the treasurer of 5 HCMFA, did you believe that you unilaterally 6 had the ability to cause HCMFA to become the 7 borrower of a \$5 million loan and a 8 \$2.4 million loan? 9 MR. MORRIS: Objection to the form 10 of the question. 11 A. No. 12 Q. What would – what would the 13 approval have taken place – strike that. 14 What would the approval process have 15 been like in May of 2019 at HCMFA for HCMFA to	WATERHOUSE - 10-19-21 A. That was James – Jim Dondero. Q. So do I understand that in May of 2019, on behalf of both the lender, Highland, and the borrower, HCMFA, Mr. Dondero would have had to approve \$7.4 million in loans? MR. MORRIS: Objection to the form of the question. A. Yes. Q. You mentioned when Mr. Morris was asking you the NAV error, N-A-V error, with respect to TerreStar, without writing us a novel, unless you feel like you have to, can you summarize what that NAV error was? What happened?
1 WATERHOUSE - 10-19-21 2 Q. Okay. Now, I'm going to ask you a 3 similar question but for a different entity. 4 In May of 2019, as the treasurer of 5 HCMFA, did you believe that you unilaterally 6 had the ability to cause HCMFA to become the 7 borrower of a \$5 million loan and a 8 \$2.4 million loan? 9 MR. MORRIS: Objection to the form 10 of the question. 11 A. No. 12 Q. What would – what would the 13 approval have taken place – strike that. 14 What would the approval process have 15 been like in May of 2019 at HCMFA for HCMFA to 16 take out a \$7.4 million loan?	WATERHOUSE - 10-19-21 A. That was James - Jim Dondero. Q. So do I understand that in May of 2019, on behalf of both the lender, Highland, and the borrower, HCMFA, Mr. Dondero would have had to approve \$7.4 million in loans? MR. MORRIS: Objection to the form of the question. A. Yes. Q. You mentioned when Mr. Morris was asking you the NAV error, N-A-V error, with respect to TerreStar, without writing us a novel, unless you feel like you have to, can you summarize what that NAV error was? What happened? A. There was a – in the Highland
1 WATERHOUSE - 10-19-21 2 Q. Okay. Now, I'm going to ask you a 3 similar question but for a different entity. 4 In May of 2019, as the treasurer of 5 HCMFA, did you believe that you unilaterally 6 had the ability to cause HCMFA to become the 7 borrower of a \$5 million loan and a 8 \$2.4 million loan? 9 MR. MORRIS: Objection to the form 10 of the question. 11 A. No. 12 Q. What would – what would the 13 approval have taken place – strike that. 14 What would the approval process have 15 been like in May of 2019 at HCMFA for HCMFA to 16 take out a \$7.4 million loan? 17 MR. MORRIS: Objection to the form	WATERHOUSE - 10-19-21 A. That was James – Jim Dondero. Q. So do I understand that in May of 2019, on behalf of both the lender, Highland, and the borrower, HCMFA, Mr. Dondero would have had to approve \$7.4 million in loans? MR. MORRIS: Objection to the form of the question. A. Yes. Q. You mentioned when Mr. Morris was asking you the NAV error, N-A-V error, with respect to TerreStar, without writing us a novel, unless you feel like you have to, can you summarize what that NAV error was? What happened?
1 WATERHOUSE - 10-19-21 2 Q. Okay. Now, I'm going to ask you a 3 similar question but for a different entity. 4 In May of 2019, as the treasurer of 5 HCMFA, did you believe that you unilaterally 6 had the ability to cause HCMFA to become the 7 borrower of a \$5 million loan and a 8 \$2.4 million loan? 9 MR. MORRIS: Objection to the form 10 of the question. 11 A. No. 12 Q. What would – what would the 13 approval have taken place – strike that. 14 What would the approval process have 15 been like in May of 2019 at HCMFA for HCMFA to 16 take out a \$7.4 million loan?	WATERHOUSE - 10-19-21 A. That was James - Jim Dondero. Q. So do I understand that in May of 2019, on behalf of both the lender, Highland, and the borrower, HCMFA, Mr. Dondero would have had to approve \$7.4 million in loans? MR. MORRIS: Objection to the form of the question. A. Yes. Q. You mentioned when Mr. Morris was asking you the NAV error, N-A-V error, with respect to TerreStar, without writing us a novel, unless you feel like you have to, can you summarize what that NAV error was? What happened? A. There was a – in the Highland
1 WATERHOUSE - 10-19-21 2 Q. Okay. Now, I'm going to ask you a 3 similar question but for a different entity. 4 In May of 2019, as the treasurer of 5 HCMFA, did you believe that you unilaterally 6 had the ability to cause HCMFA to become the 7 borrower of a \$5 million loan and a 8 \$2.4 million loan? 9 MR. MORRIS: Objection to the form 10 of the question. 11 A. No. 12 Q. What would – what would the 13 approval have taken place – strike that. 14 What would the approval process have 15 been like in May of 2019 at HCMFA for HCMFA to 16 take out a \$7.4 million loan? 17 MR. MORRIS: Objection to the form	WATERHOUSE - 10-19-21 A. That was James — Jim Dondero. Q. So do I understand that in May of 2019, on behalf of both the lender, Highland, and the borrower, HCMFA, Mr. Dondero would have had to approve \$7.4 million in loans? MR. MORRIS: Objection to the form of the question. A. Yes. Q. You mentioned when Mr. Morris was asking you the NAV error, N-A-V error, with respect to TerreStar, without writing us a novel, unless you feel like you have to, can you summarize what that NAV error was? What happened? A. There was a — in the Highland Global Allocation Fund, it owned at the time an
1 WATERHOUSE - 10-19-21 2 Q. Okay. Now, I'm going to ask you a 3 similar question but for a different entity. 4 In May of 2019, as the treasurer of 5 HCMFA, did you believe that you unilaterally 6 had the ability to cause HCMFA to become the 7 borrower of a \$5 million loan and a 8 \$2.4 million loan? 9 MR. MORRIS: Objection to the form 10 of the question. 11 A. No. 12 Q. What would – what would the 13 approval have taken place – strike that. 14 What would the approval process have 15 been like in May of 2019 at HCMFA for HCMFA to 16 take out a \$7.4 million loan? 17 MR. MORRIS: Objection to the form 18 of the question.	WATERHOUSE - 10-19-21 A. That was James – Jim Dondero. Q. So do I understand that in May of 2019, on behalf of both the lender, Highland, and the borrower, HCMFA, Mr. Dondero would have had to approve \$7.4 million in loans? MR. MORRIS: Objection to the form of the question. A. Yes. Q. You mentioned when Mr. Morris was asking you the NAV error, N-A-V error, with respect to TerreStar, without writing us a novel, unless you feel like you have to, can you summarize what that NAV error was? What happened? A. There was a – in the Highland Global Allocation Fund, it owned at the time an equity interest in a company called TerreStar.
1 WATERHOUSE - 10-19-21 2 Q. Okay. Now, I'm going to ask you a 3 similar question but for a different entity. 4 In May of 2019, as the treasurer of 5 HCMFA, did you believe that you unilaterally 6 had the ability to cause HCMFA to become the 7 borrower of a \$5 million loan and a 8 \$2.4 million loan? 9 MR. MORRIS: Objection to the form 10 of the question. 11 A. No. 12 Q. What would – what would the 13 approval have taken place – strike that. 14 What would the approval process have 15 been like in May of 2019 at HCMFA for HCMFA to 16 take out a \$7.4 million loan? 17 MR. MORRIS: Objection to the form 18 of the question. 19 A. The process would have been similar	WATERHOUSE - 10-19-21 A. That was James — Jim Dondero. Q. So do I understand that in May of 2019, on behalf of both the lender, Highland, and the borrower, HCMFA, Mr. Dondero would have had to approve \$7.4 million in loans? MR. MORRIS: Objection to the form of the question. A. Yes. Q. You mentioned when Mr. Morris was asking you the NAV error, N-A-V error, with respect to TerreStar, without writing us a novel, unless you feel like you have to, can you summarize what that NAV error was? What happened? A. There was a — in the Highland Global Allocation Fund, it owned at the time an equity interest in a company called TerreStar. And TerreStar is — at the time was a private
1 WATERHOUSE - 10-19-21 2 Q. Okay. Now, I'm going to ask you a 3 similar question but for a different entity. 4 In May of 2019, as the treasurer of 5 HCMFA, did you believe that you unilaterally 6 had the ability to cause HCMFA to become the 7 borrower of a \$5 million loan and a 8 \$2.4 million loan? 9 MR. MORRIS: Objection to the form 10 of the question. 11 A. No. 12 Q. What would – what would the 13 approval have taken place – strike that. 14 What would the approval process have 15 been like in May of 2019 at HCMFA for HCMFA to 16 take out a \$7.4 million loan? 17 MR. MORRIS: Objection to the form 18 of the question. 19 A. The process would have been similar 20 to what we just discussed on – for Highland to	WATERHOUSE - 10-19-21 A. That was James — Jim Dondero. Q. So do I understand that in May of 2019, on behalf of both the lender, Highland, and the borrower, HCMFA, Mr. Dondero would have had to approve \$7.4 million in loans? MR. MORRIS: Objection to the form of the question. A. Yes. Q. You mentioned when Mr. Morris was asking you the NAV error, N-A-V error, with respect to TerreStar, without writing us a novel, unless you feel like you have to, can you summarize what that NAV error was? What happened? A. There was a — in the Highland Global Allocation Fund, it owned at the time an equity interest in a company called TerreStar. And TerreStar is — at the time was a private company, and it may still be today. Again, I'm
1 WATERHOUSE - 10-19-21 2 Q. Okay. Now, I'm going to ask you a 3 similar question but for a different entity. 4 In May of 2019, as the treasurer of 5 HCMFA, did you believe that you unilaterally 6 had the ability to cause HCMFA to become the 7 borrower of a \$5 million loan and a 8 \$2.4 million loan? 9 MR. MORRIS: Objection to the form 10 of the question. 11 A. No. 12 Q. What would – what would the 13 approval have taken place – strike that. 14 What would the approval process have 15 been like in May of 2019 at HCMFA for HCMFA to 16 take out a \$7.4 million loan? 17 MR. MORRIS: Objection to the form 18 of the question. 19 A. The process would have been similar 20 to what we just discussed on – for Highland to 21 make a loan to others. So, again, you know,	MATERHOUSE - 10-19-21 A. That was James — Jim Dondero. Q. So do I understand that in May of 2019, on behalf of both the lender, Highland, and the borrower, HCMFA, Mr. Dondero would have had to approve \$7.4 million in loans? MR. MORRIS: Objection to the form of the question. A. Yes. Q. You mentioned when Mr. Morris was asking you the NAV error, N-A-V error, with respect to TerreStar, without writing us a novel, unless you feel like you have to, can you summarize what that NAV error was? What happened? A. There was a — in the Highland Global Allocation Fund, it owned at the time an equity interest in a company called TerreStar. And TerreStar is — at the time was a private company, and it may still be today. Again, I'm putting myself back then as a private company.
1 WATERHOUSE - 10-19-21 2 Q. Okay. Now, I'm going to ask you a 3 similar question but for a different entity. 4 In May of 2019, as the treasurer of 5 HCMFA, did you believe that you unilaterally 6 had the ability to cause HCMFA to become the 7 borrower of a \$5 million loan and a 8 \$2.4 million loan? 9 MR. MORRIS: Objection to the form 10 of the question. 11 A. No. 12 Q. What would – what would the 13 approval have taken place – strike that. 14 What would the approval process have 15 been like in May of 2019 at HCMFA for HCMFA to 16 take out a \$7.4 million loan? 17 MR. MORRIS: Objection to the form 18 of the question. 19 A. The process would have been similar 20 to what we just discussed on – for Highland to 21 make a loan to others. So, again, you know, 22 we – we would have – either myself or someone	MATERHOUSE - 10-19-21 A. That was James — Jim Dondero. Q. So do I understand that in May of 2019, on behalf of both the lender, Highland, and the borrower, HCMFA, Mr. Dondero would have had to approve \$7.4 million in loans? MR. MORRIS: Objection to the form of the question. A. Yes. Q. You mentioned when Mr. Morris was asking you the NAV error, N-A-V error, with respect to TerreStar, without writing us a novel, unless you feel like you have to, can you summarize what that NAV error was? What happened? A. There was a — in the Highland Global Allocation Fund, it owned at the time an equity interest in a company called TerreStar. And TerreStar is — at the time was a private company, and it may still be today. Again, I'm putting myself back then as a private company. We had — sorry, I don't mean we —
1 WATERHOUSE - 10-19-21 2 Q. Okay. Now, I'm going to ask you a 3 similar question but for a different entity. 4 In May of 2019, as the treasurer of 5 HCMFA, did you believe that you unilaterally 6 had the ability to cause HCMFA to become the 7 borrower of a \$5 million loan and a 8 \$2.4 million loan? 9 MR. MORRIS: Objection to the form 10 of the question. 11 A. No. 12 Q. What would – what would the 13 approval have taken place – strike that. 14 What would the approval process have 15 been like in May of 2019 at HCMFA for HCMFA to 16 take out a \$7.4 million loan? 17 MR. MORRIS: Objection to the form 18 of the question. 19 A. The process would have been similar 20 to what we just discussed on – for Highland to 21 make a loan to others. So, again, you know, 22 we – we would have – either myself or someone 23 on the team would have discussed this with	MATERHOUSE - 10-19-21 A. That was James – Jim Dondero. Q. So do I understand that in May of 2019, on behalf of both the lender, Highland, and the borrower, HCMFA, Mr. Dondero would have had to approve \$7.4 million in loans? MR. MORRIS: Objection to the form of the question. A. Yes. Q. You mentioned when Mr. Morris was asking you the NAV error, N-A-V error, with respect to TerreStar, without writing us a novel, unless you feel like you have to, can you summarize what that NAV error was? What happened? A. There was a – in the Highland Global Allocation Fund, it owned at the time an equity interest in a company called TerreStar. And TerreStar is – at the time was a private company, and it may still be today. Again, I'm putting myself back then as a private company. We had – sorry, I don't mean we – the fund and the advisor used Houlihan Lokey

	Page 274	T		Page 275
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Fage 215
2	executed at market levels that were much lower	2	And given that there was this fund	
3	than the Houlihan Lokey model.	3	was, as we discussed - I don't know if we	
4	And based on information and	4	discussed it, but it was an open-ended fund	
5	discussions with the portfolio managers and,	5	that was going - that was converting to a	
6	you know, principals that were very familiar	6	close-end fund.	
7	with TerreStar, it was determined that those	7	Due to the fact that it was an	
8	trades were non-orderly and they were not	8	open-ended fund, you had to recalculate NAV and	
9	considered in the valuation as consulted with	9	see what the impact was on people on	
10	Houlihan Lokey and PricewaterhouseCoopers at	10	investors coming in and out of the fund and if	
11	the time.	11	there is a detrimental impact and to calculate	
12	Subsequent to a – I can't remember	12	what that – what that impact was and if there	
13	the exact circumstances of why the SEC got	13	was any amounts owed to the fund pursuant to	
14	involved. I think it was due to this - this	14	the error.	
15	investment became a material position in the	15	Q. Were you personally involved	
16	fund. It triggered an SEC, kind of, inquiry.	16	internally at either Highland or HCMFA with	
17	And as part of that inquiry, they questioned	17	these investigations and discussions with the	
18	the valuation methodology. "They" meaning the	18	SEC?	
19	SEC.	19	A. Iwas.	
20	And at the culmination of that	20	Q. Which other key people or senior	
21	process – this is all summarized – the value	21	people at Highland were involved, to your	
22	that was – that ultimately had to be used in	22	recollection?	
23	the fund's NAV was different than – materially	23	A. Myself, Thomas Surgent, David Klos,	
24	different than what the original valuation at	24	Lauren Thedford, Jason Post.	
25	Houlihan Lokey provided.	25	Q. Mr. Dondero, was he —	
Ľ	• •			
1	Page 276 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 277
1 2	WATERHOUSE - 10-19-21	1 2	WATERHOUSE - 10-19-21 A. I don't recall specifically.	Page 277
2	WATERHOUSE - 10-19-21 A. I believe Cliff Stoops. I'm trying	2	A. I don't recall specifically.	Page 277
1	WATERHOUSE - 10-19-21 A. I believe Cliff Stoops. I'm trying to think. And maybe that is — that	3	A. I don't recall specifically. Q. Do you recall whether HCMFA caused	Page 277
2 3 4	WATERHOUSE - 10-19-21 A. I believe Cliff Stoops. I'm trying to think. And maybe that is – that is – that is – that is all kind I can recall at the	2 3 4	A. I don't recall specifically. Q. Do you recall whether HCMFA caused any funds to be paid to the investors and the	Page 277
2 3 4 5	WATERHOUSE - 10-19-21 A. I believe Cliff Stoops. I'm trying to think. And maybe that is — that is — that is — that is — that is all kind I can recall at the moment.	2 3 4 5	A. I don't recall specifically. Q. Do you recall whether HCMFA caused any funds to be paid to the investors and the fund the subject of the NAV error?	Page 277
2 3 4	WATERHOUSE - 10-19-21 A. I believe Cliff Stoops. I'm trying to think. And maybe that is — that is — that is — that is all kind I can recall at the moment. Q. Do you recall whether it was	2 3 4 5 6	A. I don't recall specifically. Q. Do you recall whether HCMFA caused any funds to be paid to the investors and the fund the subject of the NAV error? A. Yes.	Page 277
2 3 4 5 6 7	WATERHOUSE - 10-19-21 A. I believe Cliff Stoops. I'm trying to think. And maybe that is – that is – that is – that is all kind I can recall at the moment. Q. Do you recall whether it was determined that the fund suffered losses as a	2 3 4 5 6 7	A. I don't recall specifically. Q. Do you recall whether HCMFA caused any funds to be paid to the investors and the fund the subject of the NAV error? A. Yes. Q. Do you recall the approximate amount	Page 277
2 3 4 5 6 7 8	WATERHOUSE - 10-19-21 A. I believe Cliff Stoops. I'm trying to think. And maybe that is – that is – that is – that is all kind I can recall at the moment. Q. Do you recall whether it was determined that the fund suffered losses as a result of this error?	2 3 4 5 6 7 8	A. I don't recall specifically. Q. Do you recall whether HCMFA caused any funds to be paid to the investors and the fund the subject of the NAV error? A. Yes. Q. Do you recall the approximate amount of funds, moneys paid to the investors and the	Page 277
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 A. I believe Cliff Stoops. I'm trying to think. And maybe that is — that is — that is — that is all kind I can recall at the moment. Q. Do you recall whether it was determined that the fund suffered losses as a result of this error? A. The — the fund — the — the —	2 3 4 5 6 7 8 9	A. I don't recall specifically. Q. Do you recall whether HCMFA caused any funds to be paid to the investors and the fund the subject of the NAV error? A. Yes. Q. Do you recall the approximate amount of funds, moneys paid to the investors and the fund?	Page 277
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 A. I believe Cliff Stoops. I'm trying to think. And maybe that is – that is – that is – that is all kind I can recall at the moment. Q. Do you recall whether it was determined that the fund suffered losses as a result of this error? A. The – the fund – the – because the open-ended nature of the fund,	2 3 4 5 6 7 8 9 10	A. I don't recall specifically. Q. Do you recall whether HCMFA caused any funds to be paid to the investors and the fund the subject of the NAV error? A. Yes. Q. Do you recall the approximate amount of funds, moneys paid to the investors and the fund? A. It was – it was approximately	Page 277
2 3 4 5 6 7 8 9 10	WATERHOUSE - 10-19-21 A. I believe Cliff Stoops. I'm trying to think. And maybe that is — that is — that is — that is all kind I can recall at the moment. Q. Do you recall whether it was determined that the fund suffered losses as a result of this error? A. The — the fund — the — the — because the open-ended nature of the fund, there were losses that were attributable to	2 3 4 5 6 7 8 9 10 11	A. I don't recall specifically. Q. Do you recall whether HCMFA caused any funds to be paid to the investors and the fund the subject of the NAV error? A. Yes. Q. Do you recall the approximate amount of funds, moneys paid to the investors and the fund? A. It was – it was approximately \$7 million.	Page 277
2 3 4 5 6 7 8 9 10 11 12	WATERHOUSE - 10-19-21 A. I believe Cliff Stoops. I'm trying to think. And maybe that is — that is — that is — that is all kind I can recall at the moment. Q. Do you recall whether it was determined that the fund suffered losses as a result of this error? A. The — the fund — the — the — because the open-ended nature of the fund, there were losses that were attributable to investors. Meaning they — they would have	2 3 4 5 6 7 8 9 10 11 12	A. I don't recall specifically. Q. Do you recall whether HCMFA caused any funds to be paid to the investors and the fund the subject of the NAV error? A. Yes. Q. Do you recall the approximate amount of funds, moneys paid to the investors and the fund? A. It was – it was approximately \$7 million. Q. If I was to suggest 7.8 million,	Page 277
2 3 4 5 6 7 8 9 10 11 12 13	WATERHOUSE - 10-19-21 A. I believe Cliff Stoops. I'm trying to think. And maybe that is — that is — that is — that is all kind I can recall at the moment. Q. Do you recall whether it was determined that the fund suffered losses as a result of this error? A. The — the fund — the — the — because the open-ended nature of the fund, there were losses that were attributable to investors. Meaning they — they would have redeemed and got a less money or — or they	2 3 4 5 6 7 8 9 10 11 12 13	A. I don't recall specifically. Q. Do you recall whether HCMFA caused any funds to be paid to the investors and the fund the subject of the NAV error? A. Yes. Q. Do you recall the approximate amount of funds, moneys paid to the investors and the fund? A. It was – it was approximately \$7 million. Q. If I was to suggest 7.8 million, would that ring more true or are you sticking	Page 277
2 3 4 5 6 7 8 9 10 11 12 13	WATERHOUSE - 10-19-21 A. I believe Cliff Stoops. I'm trying to think. And maybe that is – that is – that is – that is all kind I can recall at the moment. Q. Do you recall whether it was determined that the fund suffered losses as a result of this error? A. The – the fund – the – the – because the open-ended nature of the fund, there were losses that were attributable to investors. Meaning they – they would have redeemed and got a less money or – or they subscribed in and maybe because they didn't get	2 3 4 5 6 7 8 9 10 11 12 13	A. I don't recall specifically. Q. Do you recall whether HCMFA caused any funds to be paid to the investors and the fund the subject of the NAV error? A. Yes. Q. Do you recall the approximate amount of funds, moneys paid to the investors and the fund? A. It was – it was approximately \$7 million. Q. If I was to suggest 7.8 million, would that ring more true or are you sticking with your original answer?	Page 277
2 3 4 5 6 7 8 9 10 11 12 13 14 15	WATERHOUSE - 10-19-21 A. I believe Cliff Stoops. I'm trying to think. And maybe that is — that is — that is — that is all kind I can recall at the moment. Q. Do you recall whether it was determined that the fund suffered losses as a result of this error? A. The — the fund — the — the — because the open-ended nature of the fund, there were losses that were attributable to investors. Meaning they — they would have redeemed and got a less money or — or they subscribed in and maybe because they didn't get enough shares and then they later sold and then	2 3 4 5 6 7 8 9 10 11 12 13 14 15	A. I don't recall specifically. Q. Do you recall whether HCMFA caused any funds to be paid to the investors and the fund the subject of the NAV error? A. Yes. Q. Do you recall the approximate amount of funds, moneys paid to the investors and the fund? A. It was – it was approximately \$7 million. Q. If I was to suggest 7.8 million, would that ring more true or are you sticking with your original answer? A. It was – it was approximately 7 –	Page 277
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	WATERHOUSE - 10-19-21 A. I believe Cliff Stoops. I'm trying to think. And maybe that is — that is — that is — that is all kind I can recall at the moment. Q. Do you recall whether it was determined that the fund suffered losses as a result of this error? A. The — the fund — the — the — because the open-ended nature of the fund, there were losses that were attributable to investors. Meaning they — they would have redeemed and got a less money or — or they subscribed in and maybe because they didn't get enough shares and then they later sold and then they were harmed in that fashion.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	A. I don't recall specifically. Q. Do you recall whether HCMFA caused any funds to be paid to the investors and the fund the subject of the NAV error? A. Yes. Q. Do you recall the approximate amount of funds, moneys paid to the investors and the fund? A. It was – it was approximately \$7 million. Q. If I was to suggest 7.8 million, would that ring more true or are you sticking with your original answer? A. It was – it was approximately 7 – 7 to \$8 million. Again, I don't remember the	Page 277
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	WATERHOUSE - 10-19-21 A. I believe Cliff Stoops. I'm trying to think. And maybe that is – that is – that is – that is all kind I can recall at the moment. Q. Do you recall whether it was determined that the fund suffered losses as a result of this error? A. The – the fund – the – the – because the open-ended nature of the fund, there were losses that were attributable to investors. Meaning they – they would have redeemed and got a less money or – or they subscribed in and maybe because they didn't get enough shares and then they later sold and then they were harmed in that fashion. And there is – there	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	A. I don't recall specifically. Q. Do you recall whether HCMFA caused any funds to be paid to the investors and the fund the subject of the NAV error? A. Yes. Q. Do you recall the approximate amount of funds, moneys paid to the investors and the fund? A. It was – it was approximately \$7 million. Q. If I was to suggest 7.8 million, would that ring more true or are you sticking with your original answer? A. It was – it was approximately 7 – 7 to \$8 million. Again, I don't remember the exact number, but it was in that ballpark.	Page 277
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	WATERHOUSE - 10-19-21 A. I believe Cliff Stoops. I'm trying to think. And maybe that is — that	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. I don't recall specifically. Q. Do you recall whether HCMFA caused any funds to be paid to the investors and the fund the subject of the NAV error? A. Yes. Q. Do you recall the approximate amount of funds, moneys paid to the investors and the fund? A. It was – it was approximately \$7 million. Q. If I was to suggest 7.8 million, would that ring more true or are you sticking with your original answer? A. It was – it was approximately 7 – 7 to \$8 million. Again, I don't remember the exact number, but it was in that ballpark. Q. So regardless of whether HCMFA	Page 277
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	WATERHOUSE - 10-19-21 A. I believe Cliff Stoops. I'm trying to think. And maybe that is — there were very — there were very detailed calculations and, you know, all these different	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	A. I don't recall specifically. Q. Do you recall whether HCMFA caused any funds to be paid to the investors and the fund the subject of the NAV error? A. Yes. Q. Do you recall the approximate amount of funds, moneys paid to the investors and the fund? A. It was – it was approximately \$7 million. Q. If I was to suggest 7.8 million, would that ring more true or are you sticking with your original answer? A. It was – it was approximately 7 – 7 to \$8 million. Again, I don't remember the exact number, but it was in that ballpark. Q. So regardless of whether HCMFA accepted fault or liability, it caused some	Page 277
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	WATERHOUSE - 10-19-21 A. I believe Cliff Stoops. I'm trying to think. And maybe that is — that is — that is — that is all kind I can recall at the moment. Q. Do you recall whether it was determined that the fund suffered losses as a result of this error? A. The — the fund — the — the — because the open-ended nature of the fund, there were losses that were attributable to investors. Meaning they — they would have redeemed and got a less money or — or they subscribed in and maybe because they didn't get enough shares and then they later sold and then they were harmed in that fashion. And there is — there were very — there were very detailed calculations and, you know, all these different scenarios that we had to — I'm sorry, I keep	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	A. I don't recall specifically. Q. Do you recall whether HCMFA caused any funds to be paid to the investors and the fund the subject of the NAV error? A. Yes. Q. Do you recall the approximate amount of funds, moneys paid to the investors and the fund? A. It was — it was approximately \$7 million. Q. If I was to suggest 7.8 million, would that ring more true or are you sticking with your original answer? A. It was — it was approximately 7 — 7 to \$8 million. Again, I don't remember the exact number, but it was in that ballpark. Q. So regardless of whether HCMFA accepted fault or liability, it caused some \$7 million or more to be paid out to affected	Page 277
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	WATERHOUSE - 10-19-21 A. I believe Cliff Stoops. I'm trying to think. And maybe that is – that is – that is – that is all kind I can recall at the moment. Q. Do you recall whether it was determined that the fund suffered losses as a result of this error? A. The – the fund – the – the – because the open-ended nature of the fund, there were losses that were attributable to investors. Meaning they – they would have redeemed and got a less money or – or they subscribed in and maybe because they didn't get enough shares and then they later sold and then they were harmed in that fashion. And there is – there is – there were very – there were very detailed calculations and, you know, all these different scenarios that we had to – I'm sorry, I keep saying "we" – that the individuals involved	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	A. I don't recall specifically. Q. Do you recall whether HCMFA caused any funds to be paid to the investors and the fund the subject of the NAV error? A. Yes. Q. Do you recall the approximate amount of funds, moneys paid to the investors and the fund? A. It was — it was approximately \$7 million. Q. If I was to suggest 7.8 million, would that ring more true or are you sticking with your original answer? A. It was — it was approximately 7 — 7 to \$8 million. Again, I don't remember the exact number, but it was in that ballpark. Q. So regardless of whether HCMFA accepted fault or liability, it caused some \$7 million or more to be paid out to affected investors in the fund?	Page 277
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	WATERHOUSE - 10-19-21 A. I believe Cliff Stoops. I'm trying to think. And maybe that is – that is – that is – that is all kind I can recall at the moment. Q. Do you recall whether it was determined that the fund suffered losses as a result of this error? A. The – the fund – the – the – because the open-ended nature of the fund, there were losses that were attributable to investors. Meaning they – they would have redeemed and got a less money or – or they subscribed in and maybe because they didn't get enough shares and then they later sold and then they were harmed in that fashion. And there is – there is – there were very – there were very detailed calculations and, you know, all these different scenarios that we had to – I'm sorry, I keep saying "we" – that the individuals involved had to calculate and quantify.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. I don't recall specifically. Q. Do you recall whether HCMFA caused any funds to be paid to the investors and the fund the subject of the NAV error? A. Yes. Q. Do you recall the approximate amount of funds, moneys paid to the investors and the fund? A. It was – it was approximately \$7 million. Q. If I was to suggest 7.8 million, would that ring more true or are you sticking with your original answer? A. It was – it was approximately 7 – 7 to \$8 million. Again, I don't remember the exact number, but it was in that ballpark. Q. So regardless of whether HCMFA accepted fault or liability, it caused some \$7 million or more to be paid out to affected investors in the fund? MR. MORRIS: Objection to the form	Page 277
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	WATERHOUSE - 10-19-21 A. I believe Cliff Stoops. I'm trying to think. And maybe that is – that is – that is – that is all kind I can recall at the moment. Q. Do you recall whether it was determined that the fund suffered losses as a result of this error? A. The – the fund – the – the – because the open-ended nature of the fund, there were losses that were attributable to investors. Meaning they – they would have redeemed and got a less money or – or they subscribed in and maybe because they didn't get enough shares and then they later sold and then they were harmed in that fashion. And there is – there is – there were very – there were very detailed calculations and, you know, all these different scenarios that we had to – I'm sorry, I keep saying "we" – that the individuals involved had to calculate and quantify. Q. Well, do you recall whether HCMFA	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. I don't recall specifically. Q. Do you recall whether HCMFA caused any funds to be paid to the investors and the fund the subject of the NAV error? A. Yes. Q. Do you recall the approximate amount of funds, moneys paid to the investors and the fund? A. It was – it was approximately \$7 million. Q. If I was to suggest 7.8 million, would that ring more true or are you sticking with your original answer? A. It was – it was approximately 7 – 7 to \$8 million. Again, I don't remember the exact number, but it was in that ballpark. Q. So regardless of whether HCMFA accepted fault or liability, it caused some \$7 million or more to be paid out to affected investors in the fund? MR. MORRIS: Objection to the form of the question.	Page 277
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	WATERHOUSE - 10-19-21 A. I believe Cliff Stoops. I'm trying to think. And maybe that is – that is – that is – that is all kind I can recall at the moment. Q. Do you recall whether it was determined that the fund suffered losses as a result of this error? A. The – the fund – the – the – because the open-ended nature of the fund, there were losses that were attributable to investors. Meaning they – they would have redeemed and got a less money or – or they subscribed in and maybe because they didn't get enough shares and then they later sold and then they were harmed in that fashion. And there is – there is – there were very – there were very detailed calculations and, you know, all these different scenarios that we had to – I'm sorry, I keep saying "we" – that the individuals involved had to calculate and quantify.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. I don't recall specifically. Q. Do you recall whether HCMFA caused any funds to be paid to the investors and the fund the subject of the NAV error? A. Yes. Q. Do you recall the approximate amount of funds, moneys paid to the investors and the fund? A. It was – it was approximately \$7 million. Q. If I was to suggest 7.8 million, would that ring more true or are you sticking with your original answer? A. It was – it was approximately 7 – 7 to \$8 million. Again, I don't remember the exact number, but it was in that ballpark. Q. So regardless of whether HCMFA accepted fault or liability, it caused some \$7 million or more to be paid out to affected investors in the fund? MR. MORRIS: Objection to the form	Page 277

_				
1	Page 278 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 279
2	lot of different entities that are going on to	2	it depends on who you talk to, but yes,	
3	my head.	3	generally, there were – there are multiple	
4	I think what you are saying is based	4	agreements.	
5	on this error, shareholders were harmed by this	5	Q. Pursuant to one or more of those	
6	approximately \$7.8 million – by approximately	6	agreements, was the debtor providing certain	
7	\$7.8 million. Is that what you are asking?	7	services to HCMFA?	
8	Q. Yes, sir.	8	MR. MORRIS: Objection to the form	
9	A. Yes, that was – again, I don't have	9	of the question.	
10	the exact numbers. If I take – it was – it	10	A. Yes.	
11	was in that ballpark, and there is a detail	11	Q. And can you at a very high level	
12	calculation and write-up that could, that -	12	summarize in 2018 and 2019 what those services	
13	that exists someplace.	13	were?	
14	Q. Now, at that time, at the time that	14	A. Yes, there was a – yes.	
15	the NAV error occurred, was there a contract in	15	Q. Okay. Please – please go – go	
16	place between HCMFA and the debtor pursuant to	16	through a short summary.	
17	which the debtor was providing services to	17	A. There was a – a cost reimbursement	
18	HCMFA?	18	agreement between Highland Capital Management	
19	MR. MORRIS: Objection to the form	19	Fund Advisors and Highland Capital Management,	
20	of the question.	20	L.P. That agreement was for what we referred	
21	A. Yes.	21	to as front office services, so investment	
22	Q. Was that contract generally called a	22	management, things of that nature.	
23	shared services agreement?	23	There was I think what most people	
24	A. It was generally called that, but	24	refer to as the shared services agreement that	
25	there were – there were – I mean, it – it –	25	was – that agreement was between Highland	
1	Page 280			Page 281
1	Page 280 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 281
1 2		1 2	WATERHOUSE - 10-19-21 Q. And then you mentioned that the fund	Page 281
1 2 3	WATERHOUSE - 10-19-21			Page 281
2	WATERHOUSE - 10-19-21 Capital Management Fund Advisors and Highland	2	Q. And then you mentioned that the fund	Page 281
2 3	WATERHOUSE - 10-19-21 Capital Management Fund Advisors and Highland Capital Management for back office services.	2 3	Q. And then you mentioned that the fund was being closed and some compensation related	Page 281
2 3 4	WATERHOUSE - 10-19-21 Capital Management Fund Advisors and Highland Capital Management for back office services. Q. And can you summarize what you mean	2 3 4	Q. And then you mentioned that the fund was being closed and some compensation related to that. Can you – can you elaborate? What	Page 281
2 3 4 5	WATERHOUSE - 10-19-21 Capital Management Fund Advisors and Highland Capital Management for back office services. Q. And can you summarize what you mean by back office services?	2 3 4 5	Q. And then you mentioned that the fund was being closed and some compensation related to that. Can you – can you elaborate? What were you referring to?	Page 281
2 3 4 5	WATERHOUSE - 10-19-21 Capital Management Fund Advisors and Highland Capital Management for back office services. Q. And can you summarize what you mean by back office services? A. Those services were for accounting,	2 3 4 5 6	Q. And then you mentioned that the fund was being closed and some compensation related to that. Can you – can you elaborate? What were you referring to? A. Right. So the advisor, pursuant to	Page 281
2 3 4 5 6 7	WATERHOUSE - 10-19-21 Capital Management Fund Advisors and Highland Capital Management for back office services. Q. And can you summarize what you mean by back office services? A. Those services were for accounting, finance, tax, valuation, HR, IT, you know,	2 3 4 5 6 7	Q. And then you mentioned that the fund was being closed and some compensation related to that. Can you – can you elaborate? What were you referring to? A. Right. So the advisor, pursuant to board approval, put a proposal in front of the	Page 281
2 3 4 5 6 7 8	WATERHOUSE - 10-19-21 Capital Management Fund Advisors and Highland Capital Management for back office services. Q. And can you summarize what you mean by back office services? A. Those services were for accounting, finance, tax, valuation, HR, IT, you know, legal compliance, things of – things of those	2 3 4 5 6 7 8	Q. And then you mentioned that the fund was being closed and some compensation related to that. Can you – can you elaborate? What were you referring to? A. Right. So the advisor, pursuant to board approval, put a proposal in front of the shareholders of the Highland Global Allocation	Page 281
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 Capital Management Fund Advisors and Highland Capital Management for back office services. Q. And can you summarize what you mean by back office services? A. Those services were for accounting, finance, tax, valuation, HR, IT, you know, legal compliance, things of – things of those nature – or things of that nature, excuse me.	2 3 4 5 6 7 8 9	Q. And then you mentioned that the fund was being closed and some compensation related to that. Can you – can you elaborate? What were you referring to? A. Right. So the advisor, pursuant to board approval, put a proposal in front of the shareholders of the Highland Global Allocation Fund to convert it from an open-ended fund to a	Page 281
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 Capital Management Fund Advisors and Highland Capital Management for back office services. Q. And can you summarize what you mean by back office services? A. Those services were for accounting, finance, tax, valuation, HR, IT, you know, legal compliance, things of – things of those nature – or things of that nature, excuse me. Q. So in the spring of 2019, do you	2 3 4 5 6 7 8 9 10	Q. And then you mentioned that the fund was being closed and some compensation related to that. Can you – can you elaborate? What were you referring to? A. Right. So the advisor, pursuant to board approval, put a proposal in front of the shareholders of the Highland Global Allocation Fund to convert it from an open-ended fund to a closed-end fund.	Page 281
2 3 4 5 6 7 8 9 10	WATERHOUSE - 10-19-21 Capital Management Fund Advisors and Highland Capital Management for back office services. Q. And can you summarize what you mean by back office services? A. Those services were for accounting, finance, tax, valuation, HR, IT, you know, legal compliance, things of – things of those nature – or things of that nature, excuse me. Q. So in the spring of 2019, do you recall whether HCMFA took the position that it	2 3 4 5 6 7 8 9 10	Q. And then you mentioned that the fund was being closed and some compensation related to that. Can you – can you elaborate? What were you referring to? A. Right. So the advisor, pursuant to board approval, put a proposal in front of the shareholders of the Highland Global Allocation Fund to convert it from an open-ended fund to a closed-end fund. So an open-ended fund, when	Page 281
2 3 4 5 6 7 8 9 10 11 12	WATERHOUSE - 10-19-21 Capital Management Fund Advisors and Highland Capital Management for back office services. Q. And can you summarize what you mean by back office services? A. Those services were for accounting, finance, tax, valuation, HR, IT, you know, legal compliance, things of — things of those nature — or things of that nature, excuse me. Q. So in the spring of 2019, do you recall whether HCMFA took the position that it was actually Highland that caused the NAV error	2 3 4 5 6 7 8 9 10 11 12	Q. And then you mentioned that the fund was being closed and some compensation related to that. Can you – can you elaborate? What were you referring to? A. Right. So the advisor, pursuant to board approval, put a proposal in front of the shareholders of the Highland Global Allocation Fund to convert it from an open-ended fund to a closed-end fund. So an open-ended fund, when shareholders subscribe to the fund or redeem	Page 281
2 3 4 5 6 7 8 9 10 11 12 13	WATERHOUSE - 10-19-21 Capital Management Fund Advisors and Highland Capital Management for back office services. Q. And can you summarize what you mean by back office services? A. Those services were for accounting, finance, tax, valuation, HR, IT, you know, legal compliance, things of – things of those nature – or things of that nature, excuse me. Q. So in the spring of 2019, do you recall whether HCMFA took the position that it was actually Highland that caused the NAV error to occur pursuant to the valuation services	2 3 4 5 6 7 8 9 10 11 12 13	Q. And then you mentioned that the fund was being closed and some compensation related to that. Can you – can you elaborate? What were you referring to? A. Right. So the advisor, pursuant to board approval, put a proposal in front of the shareholders of the Highland Global Allocation Fund to convert it from an open-ended fund to a closed-end fund. So an open-ended fund, when shareholders subscribe to the fund or redeem into the fund, they do it at NAV.	Page 281
2 3 4 5 6 7 8 9 10 11 12 13 14	WATERHOUSE - 10-19-21 Capital Management Fund Advisors and Highland Capital Management for back office services. Q. And can you summarize what you mean by back office services? A. Those services were for accounting, finance, tax, valuation, HR, IT, you know, legal compliance, things of – things of those nature – or things of that nature, excuse me. Q. So in the spring of 2019, do you recall whether HCMFA took the position that it was actually Highland that caused the NAV error to occur pursuant to the valuation services that Highland was providing?	2 3 4 5 6 7 8 9 10 11 12 13 14	Q. And then you mentioned that the fund was being closed and some compensation related to that. Can you – can you elaborate? What were you referring to? A. Right. So the advisor, pursuant to board approval, put a proposal in front of the shareholders of the Highland Global Allocation Fund to convert it from an open-ended fund to a closed-end fund. So an open-ended fund, when shareholders subscribe to the fund or redeem into the fund, they do it at NAV. When it is – when you have a	Page 281
2 3 4 5 6 7 8 9 10 11 12 13 14 15	WATERHOUSE - 10-19-21 Capital Management Fund Advisors and Highland Capital Management for back office services. Q. And can you summarize what you mean by back office services? A. Those services were for accounting, finance, tax, valuation, HR, IT, you know, legal compliance, things of — things of those nature — or things of that nature, excuse me. Q. So in the spring of 2019, do you recall whether HCMFA took the position that it was actually Highland that caused the NAV error to occur pursuant to the valuation services that Highland was providing? MR. MORRIS: Objection to the form	2 3 4 5 6 7 8 9 10 11 12 13 14 15	Q. And then you mentioned that the fund was being closed and some compensation related to that. Can you – can you elaborate? What were you referring to? A. Right. So the advisor, pursuant to board approval, put a proposal in front of the shareholders of the Highland Global Allocation Fund to convert it from an open-ended fund to a closed-end fund. So an open-ended fund, when shareholders subscribe to the fund or redeem into the fund, they do it at NAV. When it is – when you have a closed-end fund, closed-end funds are – are	Page 281
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	WATERHOUSE - 10-19-21 Capital Management Fund Advisors and Highland Capital Management for back office services. Q. And can you summarize what you mean by back office services? A. Those services were for accounting, finance, tax, valuation, HR, IT, you know, legal compliance, things of – things of those nature – or things of that nature, excuse me. Q. So in the spring of 2019, do you recall whether HCMFA took the position that it was actually Highland that caused the NAV error to occur pursuant to the valuation services that Highland was providing? MR. MORRIS: Objection to the form of the question.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	Q. And then you mentioned that the fund was being closed and some compensation related to that. Can you – can you elaborate? What were you referring to? A. Right. So the advisor, pursuant to board approval, put a proposal in front of the shareholders of the Highland Global Allocation Fund to convert it from an open-ended fund to a closed-end fund. So an open-ended fund, when shareholders subscribe to the fund or redeem into the fund, they do it at NAV. When it is – when you have a closed-end fund, closed-end funds are – are publicly-traded, like on the New York Stock	Page 281
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	WATERHOUSE - 10-19-21 Capital Management Fund Advisors and Highland Capital Management for back office services. Q. And can you summarize what you mean by back office services? A. Those services were for accounting, finance, tax, valuation, HR, IT, you know, legal compliance, things of – things of those nature – or things of that nature, excuse me. Q. So in the spring of 2019, do you recall whether HCMFA took the position that it was actually Highland that caused the NAV error to occur pursuant to the valuation services that Highland was providing? MR. MORRIS: Objection to the form of the question. A. I do not recall.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Q. And then you mentioned that the fund was being closed and some compensation related to that. Can you – can you elaborate? What were you referring to? A. Right. So the advisor, pursuant to board approval, put a proposal in front of the shareholders of the Highland Global Allocation Fund to convert it from an open-ended fund to a closed-end fund. So an open-ended fund, when shareholders subscribe to the fund or redeem into the fund, they do it at NAV. When it is – when you have a closed-end fund, closed-end funds are – are publicly-traded, like on the New York Stock Exchange, exchanges like that, and – and	Page 281
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	WATERHOUSE - 10-19-21 Capital Management Fund Advisors and Highland Capital Management for back office services. Q. And can you summarize what you mean by back office services? A. Those services were for accounting, finance, tax, valuation, HR, IT, you know, legal compliance, things of — things of those nature — or things of that nature, excuse me. Q. So in the spring of 2019, do you recall whether HCMFA took the position that it was actually Highland that caused the NAV error to occur pursuant to the valuation services that Highland was providing? MR. MORRIS: Objection to the form of the question. A. I do not recall. Q. Did you ever have any discussions	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. And then you mentioned that the fund was being closed and some compensation related to that. Can you – can you elaborate? What were you referring to? A. Right. So the advisor, pursuant to board approval, put a proposal in front of the shareholders of the Highland Global Allocation Fund to convert it from an open-ended fund to a closed-end fund. So an open-ended fund, when shareholders subscribe to the fund or redeem into the fund, they do it at NAV. When it is – when you have a closed-end fund, closed-end funds are – are publicly-traded, like on the New York Stock Exchange, exchanges like that, and – and shareholders or investors, they're not –	Page 281
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	WATERHOUSE - 10-19-21 Capital Management Fund Advisors and Highland Capital Management for back office services. Q. And can you summarize what you mean by back office services? A. Those services were for accounting, finance, tax, valuation, HR, IT, you know, legal compliance, things of – things of those nature – or things of that nature, excuse me. Q. So in the spring of 2019, do you recall whether HCMFA took the position that it was actually Highland that caused the NAV error to occur pursuant to the valuation services that Highland was providing? MR. MORRIS: Objection to the form of the question. A. I do not recall. Q. Did you ever have any discussions with anyone, Jim Dondero or anyone in the first	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	Q. And then you mentioned that the fund was being closed and some compensation related to that. Can you – can you elaborate? What were you referring to? A. Right. So the advisor, pursuant to board approval, put a proposal in front of the shareholders of the Highland Global Allocation Fund to convert it from an open-ended fund to a closed-end fund. So an open-ended fund, when shareholders subscribe to the fund or redeem into the fund, they do it at NAV. When it is – when you have a closed-end fund, closed-end funds are – are publicly-traded, like on the New York Stock Exchange, exchanges like that, and – and shareholders or investors, they're not – they're – they're not subscribing and	Page 281
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	WATERHOUSE - 10-19-21 Capital Management Fund Advisors and Highland Capital Management for back office services. Q. And can you summarize what you mean by back office services? A. Those services were for accounting, finance, tax, valuation, HR, IT, you know, legal compliance, things of – things of those nature – or things of that nature, excuse me. Q. So in the spring of 2019, do you recall whether HCMFA took the position that it was actually Highland that caused the NAV error to occur pursuant to the valuation services that Highland was providing? MR. MORRIS: Objection to the form of the question. A. I do not recall. Q. Did you ever have any discussions with anyone, Jim Dondero or anyone in the first half of 2019 as to whether Highland, the	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Q. And then you mentioned that the fund was being closed and some compensation related to that. Can you – can you elaborate? What were you referring to? A. Right. So the advisor, pursuant to board approval, put a proposal in front of the shareholders of the Highland Global Allocation Fund to convert it from an open-ended fund to a closed-end fund. So an open-ended fund, when shareholders subscribe to the fund or redeem into the fund, they do it at NAV. When it is – when you have a closed-end fund, closed-end funds are – are publicly-traded, like on the New York Stock Exchange, exchanges like that, and – and shareholders or investors, they're not – they're – they're not subscribing and redeeming with the fund. They are like shares	Page 281
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	WATERHOUSE - 10-19-21 Capital Management Fund Advisors and Highland Capital Management for back office services. Q. And can you summarize what you mean by back office services? A. Those services were for accounting, finance, tax, valuation, HR, IT, you know, legal compliance, things of — things of those nature — or things of that nature, excuse me. Q. So in the spring of 2019, do you recall whether HCMFA took the position that it was actually Highland that caused the NAV error to occur pursuant to the valuation services that Highland was providing? MR. MORRIS: Objection to the form of the question. A. I do not recall. Q. Did you ever have any discussions with anyone, Jim Dondero or anyone in the first half of 2019 as to whether Highland, the debtor, that is, had any liability to HCMFA	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. And then you mentioned that the fund was being closed and some compensation related to that. Can you – can you elaborate? What were you referring to? A. Right. So the advisor, pursuant to board approval, put a proposal in front of the shareholders of the Highland Global Allocation Fund to convert it from an open-ended fund to a closed-end fund. So an open-ended fund, when shareholders subscribe to the fund or redeem into the fund, they do it at NAV. When it is – when you have a closed-end fund, closed-end funds are – are publicly-traded, like on the New York Stock Exchange, exchanges like that, and – and shareholders or investors, they're not – they're – they're not subscribing and redeeming with the fund. They are like shares of Apple.	Page 281
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	WATERHOUSE - 10-19-21 Capital Management Fund Advisors and Highland Capital Management for back office services. Q. And can you summarize what you mean by back office services? A. Those services were for accounting, finance, tax, valuation, HR, IT, you know, legal compliance, things of — things of those nature — or things of that nature, excuse me. Q. So in the spring of 2019, do you recall whether HCMFA took the position that it was actually Highland that caused the NAV error to occur pursuant to the valuation services that Highland was providing? MR. MORRIS: Objection to the form of the question. A. I do not recall. Q. Did you ever have any discussions with anyone, Jim Dondero or anyone in the first half of 2019 as to whether Highland, the debtor, that is, had any liability to HCMFA related to the NAV error?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. And then you mentioned that the fund was being closed and some compensation related to that. Can you – can you elaborate? What were you referring to? A. Right. So the advisor, pursuant to board approval, put a proposal in front of the shareholders of the Highland Global Allocation Fund to convert it from an open-ended fund to a closed-end fund. So an open-ended fund, when shareholders subscribe to the fund or redeem into the fund, they do it at NAV. When it is – when you have a closed-end fund, closed-end funds are – are publicly-traded, like on the New York Stock Exchange, exchanges like that, and – and shareholders or investors, they're not – they're – they're not subscribing and redeeming with the fund. They are like shares of Apple. Those shares of the Highland Global	Page 281
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	WATERHOUSE - 10-19-21 Capital Management Fund Advisors and Highland Capital Management for back office services. Q. And can you summarize what you mean by back office services? A. Those services were for accounting, finance, tax, valuation, HR, IT, you know, legal compliance, things of — things of those nature — or things of that nature, excuse me. Q. So in the spring of 2019, do you recall whether HCMFA took the position that it was actually Highland that caused the NAV error to occur pursuant to the valuation services that Highland was providing? MR. MORRIS: Objection to the form of the question. A. I do not recall. Q. Did you ever have any discussions with anyone, Jim Dondero or anyone in the first half of 2019 as to whether Highland, the debtor, that is, had any liability to HCMFA related to the NAV error? MR. MORRIS: Objection to the form	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. And then you mentioned that the fund was being closed and some compensation related to that. Can you – can you elaborate? What were you referring to? A. Right. So the advisor, pursuant to board approval, put a proposal in front of the shareholders of the Highland Global Allocation Fund to convert it from an open-ended fund to a closed-end fund. So an open-ended fund, when shareholders subscribe to the fund or redeem into the fund, they do it at NAV. When it is – when you have a closed-end fund, closed-end funds are – are publicly-traded, like on the New York Stock Exchange, exchanges like that, and – and shareholders or investors, they're not – they're – they're not subscribing and redeeming with the fund. They are like shares of Apple. Those shares of the Highland Global Allocation Fund trade on an exchange, and that is how you, you know, that is how, you know,	Page 281

_				
1	Page 282 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 283
2	sell your shares and you are no longer an	2	for – for these amounts attributable to – it	
3	equity owner.	3	was either the error – you know, the error,	
4	As part of that proposal, the	4	and in that conversation he said, go get the	
5	advisor told shareholders if you – if you vote	5	money from Highland. I believe that is what I	
6	for this proposal to – to convert it from an	6	testified earlier, and that that is my	
7	open-ended fund to a closed-end fund, we will	7	recollection.	
8	pay you some amounts of money. I forgot – a	8	Q. Do you recall if that was an	
9	certain number of points. I think it was	9	in-person meeting or some other mode for the	
10	like – it was like two to three points or	10	meeting?	
11	something – something like that.	11	A. I – I – I recall that being	
12	Q. Okay. You mentioned when Mr. Morris	12	in-person.	
13	was asking you, going back to those two	13	Q. Do you recall if anyone else was	
14	promissory notes, you will recall the 5 million	14	present, or was it just you and Mr. Dondero?	
15	and 2.4 million, you mentioned something to the	15	A. I recall just he and I.	
16	effect that Mr. Dondero told – told you to pay	16	Q. And the moneys that he told you to	
17	some moneys out of Highland. Do you remember	17	find from – or get from Highland, was that in	
18	that discussion with Mr. Morris?	18	the amount of \$5 million and \$2.4 million?	
19	A. Ido.	19	MR. MORRIS: Objection to the form	
20	Q. So, to the best of your	20	of the question.	
21	recollection, did you have a discussion with	21	A. I believe so, but I would have to go	
22	Mr. Dondero about making some payments in May	22	back and look and see when those moneys were	
23	of 2019 out of Highland?	23	actually paid into the into the fund and,	
24	A. I recall, as I testified earlier,	24	you know, when those transfers were done. If	
25	that I had a conversation with Mr. Dondero	25	they were all done around that same time, then	
\vdash	Page 284			Page 285
1 4	1 ago 201			
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Fage 200
2	WATERHOUSE - 10-19-21 yes, I would say it was – it was all related	1 2	WATERHOUSE - 10-19-21 Q. Is it possible that you, having	rage 200
2 3				r aye 200
2	yes, I would say it was it was all related	2	Q. Is it possible that you, having	raye 200
2 3	yes, I would say it was – it was all related to that.	2 3	Q. Is it possible that you, having heard what Mr. Dondero said and seeing funds	Page 200
2 3 4	yes, I would say it was – it was all related to that. Q. Did Mr. Dondero tell you that those	3 4	Q. Is it possible that you, having heard what Mr. Dondero said and seeing funds being transferred, assumed that that would be a	Page 200
2 3 4 5	yes, I would say it was – it was all related to that. Q. Did Mr. Dondero tell you that those funds would be a loan from Highland to HCMFA?	2 3 4 5	Q. Is it possible that you, having heard what Mr. Dondero said and seeing funds being transferred, assumed that that would be a loan without him actually telling you that	raye 200
2 3 4 5 6	yes, I would say it was – it was all related to that. Q. Did Mr. Dondero tell you that those funds would be a loan from Highland to HCMFA? A. I don't recall.	2 3 4 5 6	Q. Is it possible that you, having heard what Mr. Dondero said and seeing funds being transferred, assumed that that would be a loan without him actually telling you that would be a loan?	raye 200
2 3 4 5 6 7	yes, I would say it was – it was all related to that. Q. Did Mr. Dondero tell you that those funds would be a loan from Highland to HCMFA? A. I don't recall. MR. MORRIS: Objection to the form	2 3 4 5 6 7	Q. Is it possible that you, having heard what Mr. Dondero said and seeing funds being transferred, assumed that that would be a loan without him actually telling you that would be a loan? MR. MORRIS: Objection to the form	raye 200
2 3 4 5 6 7 8	yes, I would say it was – it was all related to that. Q. Did Mr. Dondero tell you that those funds would be a loan from Highland to HCMFA? A. I don't recall. MR. MORRIS: Objection to the form of the question.	2 3 4 5 6 7 8	Q. Is it possible that you, having heard what Mr. Dondero said and seeing funds being transferred, assumed that that would be a loan without him actually telling you that would be a loan? MR. MORRIS: Objection to the form of the question.	raye 200
2 3 4 5 6 7 8 9	yes, I would say it was – it was all related to that. Q. Did Mr. Dondero tell you that those funds would be a loan from Highland to HCMFA? A. I don't recall. MR. MORRIS: Objection to the form of the question. Q. Now, and forgive me, I'm probably the only non-American bom here, but I speak reasonably well in English. I don't recall,	2 3 4 5 6 7 8 9	Q. Is it possible that you, having heard what Mr. Dondero said and seeing funds being transferred, assumed that that would be a loan without him actually telling you that would be a loan? MR. MORRIS: Objection to the form of the question. A. Sorry, I want to make sure – did I	raye 200
2 3 4 5 6 7 8 9	yes, I would say it was – it was all related to that. Q. Did Mr. Dondero tell you that those funds would be a loan from Highland to HCMFA? A. I don't recall. MR. MORRIS: Objection to the form of the question. Q. Now, and forgive me, I'm probably the only non-American bom here, but I speak reasonably well in English. I don't recall, does that mean you don't remember or does that	2 3 4 5 6 7 8 9	Q. Is it possible that you, having heard what Mr. Dondero said and seeing funds being transferred, assumed that that would be a loan without him actually telling you that would be a loan? MR. MORRIS: Objection to the form of the question. A. Sorry, I want to make sure – did I ask the amounts that were transferred that I –	raye 200
2 3 4 5 6 7 8 9 10	yes, I would say it was – it was all related to that. Q. Did Mr. Dondero tell you that those funds would be a loan from Highland to HCMFA? A. I don't recall. MR. MORRIS: Objection to the form of the question. Q. Now, and forgive me, I'm probably the only non-American bom here, but I speak reasonably well in English. I don't recall,	2 3 4 5 6 7 8 9 10	Q. Is it possible that you, having heard what Mr. Dondero said and seeing funds being transferred, assumed that that would be a loan without him actually telling you that would be a loan? MR. MORRIS: Objection to the form of the question. A. Sorry, I want to make sure – did I ask the amounts that were transferred that I – that – that I assumed that that was a loan?	raye 200
2 3 4 5 6 7 8 9 10 11 12	yes, I would say it was – it was all related to that. Q. Did Mr. Dondero tell you that those funds would be a loan from Highland to HCMFA? A. I don't recall. MR. MORRIS: Objection to the form of the question. Q. Now, and forgive me, I'm probably the only non-American bom here, but I speak reasonably well in English. I don't recall, does that mean you don't remember or does that	2 3 4 5 6 7 8 9 10 11 12	Q. Is it possible that you, having heard what Mr. Dondero said and seeing funds being transferred, assumed that that would be a loan without him actually telling you that would be a loan? MR. MORRIS: Objection to the form of the question. A. Sorry, I want to make sure – did I ask the amounts that were transferred that I – that – that I assumed that that was a loan? Q. Well, let me – let me take – let	raye 200
2 3 4 5 6 7 8 9 10 11 12 13	yes, I would say it was – it was all related to that. Q. Did Mr. Dondero tell you that those funds would be a loan from Highland to HCMFA? A. I don't recall. MR. MORRIS: Objection to the form of the question. Q. Now, and forgive me, I'm probably the only non-American born here, but I speak reasonably well in English. I don't recall, does that mean you don't remember or does that mean it didn't happen?	2 3 4 5 6 7 8 9 10 11 12 13	Q. Is it possible that you, having heard what Mr. Dondero said and seeing funds being transferred, assumed that that would be a loan without him actually telling you that would be a loan? MR. MORRIS: Objection to the form of the question. A. Sorry, I want to make sure – did I ask the amounts that were transferred that I – that – that I assumed that that was a loan? Q. Well, let me – let me take – let me try again. So you have established already that there were quite a number of promissory notes	raye 200
2 3 4 5 6 7 8 9 10 11 12 13 14	yes, I would say it was – it was all related to that. Q. Did Mr. Dondero tell you that those funds would be a loan from Highland to HCMFA? A. I don't recall. MR. MORRIS: Objection to the form of the question. Q. Now, and forgive me, I'm probably the only non-American born here, but I speak reasonably well in English. I don't recall, does that mean you don't remember or does that mean it didn't happen? MR. MORRIS: Objection to the form	2 3 4 5 6 7 8 9 10 11 12 13 14	Q. Is it possible that you, having heard what Mr. Dondero said and seeing funds being transferred, assumed that that would be a loan without him actually telling you that would be a loan? MR. MORRIS: Objection to the form of the question. A. Sorry, I want to make sure – did I ask the amounts that were transferred that I – that – that I assumed that that was a loan? Q. Well, let me – let me take – let me try again. So you have established already that	raye 200
2 3 4 5 6 7 8 9 10 11 12 13 14 15	yes, I would say it was – it was all related to that. Q. Did Mr. Dondero tell you that those funds would be a loan from Highland to HCMFA? A. I don't recall. MR. MORRIS: Objection to the form of the question. Q. Now, and forgive me, I'm probably the only non-American bom here, but I speak reasonably well in English. I don't recall, does that mean you don't remember or does that mean it didn't happen? MR. MORRIS: Objection to the form of the question.	2 3 4 5 6 7 8 9 10 11 12 13 14 15	Q. Is it possible that you, having heard what Mr. Dondero said and seeing funds being transferred, assumed that that would be a loan without him actually telling you that would be a loan? MR. MORRIS: Objection to the form of the question. A. Sorry, I want to make sure – did I ask the amounts that were transferred that I – that – that I assumed that that was a loan? Q. Well, let me – let me take – let me try again. So you have established already that there were quite a number of promissory notes	raye 200
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	yes, I would say it was – it was all related to that. Q. Did Mr. Dondero tell you that those funds would be a loan from Highland to HCMFA? A. I don't recall. MR. MORRIS: Objection to the form of the question. Q. Now, and forgive me, I'm probably the only non-American born here, but I speak reasonably well in English. I don't recall, does that mean you don't remember or does that mean it didn't happen? MR. MORRIS: Objection to the form of the question. A. It – it means I don't – I don't	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	Q. Is it possible that you, having heard what Mr. Dondero said and seeing funds being transferred, assumed that that would be a loan without him actually telling you that would be a loan? MR. MORRIS: Objection to the form of the question. A. Sorry, I want to make sure – did I ask the amounts that were transferred that I – that – that I assumed that that was a loan? Q. Well, let me – let me take – let me try again. So you have established already that there were quite a number of promissory notes back and forth – I'm sorry, quite a number of	raye 200
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	yes, I would say it was – it was all related to that. Q. Did Mr. Dondero tell you that those funds would be a loan from Highland to HCMFA? A. I don't recall. MR. MORRIS: Objection to the form of the question. Q. Now, and forgive me, I'm probably the only non-American bom here, but I speak reasonably well in English. I don't recall, does that mean you don't remember or does that mean it didn't happen? MR. MORRIS: Objection to the form of the question. A. It – it means I don't – I don't remember. Q. Did Mr. Dondero tell you to have those two promissory notes prepared?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Q. Is it possible that you, having heard what Mr. Dondero said and seeing funds being transferred, assumed that that would be a loan without him actually telling you that would be a loan? MR. MORRIS: Objection to the form of the question. A. Sorry, I want to make sure – did I ask the amounts that were transferred that I – that – that I assumed that that was a loan? Q. Well, let me – let me take – let me try again. So you have established already that there were quite a number of promissory notes back and forth – I'm sorry, quite a number of promissory notes with affiliated companies and	raye 200
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	yes, I would say it was – it was all related to that. Q. Did Mr. Dondero tell you that those funds would be a loan from Highland to HCMFA? A. I don't recall. MR. MORRIS: Objection to the form of the question. Q. Now, and forgive me, I'm probably the only non-American bom here, but I speak reasonably well in English. I don't recall, does that mean you don't remember or does that mean it didn't happen? MR. MORRIS: Objection to the form of the question. A. It – it means I don't – I don't remember. Q. Did Mr. Dondero tell you to have	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. Is it possible that you, having heard what Mr. Dondero said and seeing funds being transferred, assumed that that would be a loan without him actually telling you that would be a loan? MR. MORRIS: Objection to the form of the question. A. Sorry, I want to make sure – did I ask the amounts that were transferred that I – that – that I assumed that that was a loan? Q. Well, let me – let me take – let me try again. So you have established already that there were quite a number of promissory notes back and forth – I'm sorry, quite a number of promissory notes with affiliated companies and individuals owing Highland money; right?	raye 200
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	yes, I would say it was – it was all related to that. Q. Did Mr. Dondero tell you that those funds would be a loan from Highland to HCMFA? A. I don't recall. MR. MORRIS: Objection to the form of the question. Q. Now, and forgive me, I'm probably the only non-American bom here, but I speak reasonably well in English. I don't recall, does that mean you don't remember or does that mean it didn't happen? MR. MORRIS: Objection to the form of the question. A. It – it means I don't – I don't remember. Q. Did Mr. Dondero tell you to have those two promissory notes prepared?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	Q. Is it possible that you, having heard what Mr. Dondero said and seeing funds being transferred, assumed that that would be a loan without him actually telling you that would be a loan? MR. MORRIS: Objection to the form of the question. A. Sorry, I want to make sure – did I ask the amounts that were transferred that I – that – that I assumed that that was a loan? Q. Well, let me – let me take – let me try again. So you have established already that there were quite a number of promissory notes back and forth – I'm sorry, quite a number of promissory notes with affiliated companies and individuals owing Highland money; right? A. Yes.	raye 200
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	yes, I would say it was – it was all related to that. Q. Did Mr. Dondero tell you that those funds would be a loan from Highland to HCMFA? A. I don't recall. MR. MORRIS: Objection to the form of the question. Q. Now, and forgive me, I'm probably the only non-American born here, but I speak reasonably well in English. I don't recall, does that mean you don't remember or does that mean it didn't happen? MR. MORRIS: Objection to the form of the question. A. It – it means I don't – I don't remember. Q. Did Mr. Dondero tell you to have those two promissory notes prepared? A. I don't recall.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Q. Is it possible that you, having heard what Mr. Dondero said and seeing funds being transferred, assumed that that would be a loan without him actually telling you that would be a loan? MR. MORRIS: Objection to the form of the question. A. Sorry, I want to make sure – did I ask the amounts that were transferred that I – that – that I assumed that that was a loan? Q. Well, let me – let me take – let me try again. So you have established already that there were quite a number of promissory notes back and forth – I'm sorry, quite a number of promissory notes with affiliated companies and individuals owing Highland money; right? A. Yes. Q. And you have established that there were many transactions and transfers going back and forth over the years; right?	raye 200
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	yes, I would say it was – it was all related to that. Q. Did Mr. Dondero tell you that those funds would be a loan from Highland to HCMFA? A. I don't recall. MR. MORRIS: Objection to the form of the question. Q. Now, and forgive me, I'm probably the only non-American born here, but I speak reasonably well in English. I don't recall, does that mean you don't remember or does that mean it didn't happen? MR. MORRIS: Objection to the form of the question. A. It – it means I don't – I don't remember. Q. Did Mr. Dondero tell you to have those two promissory notes prepared? A. I don't recall. Q. When you – again, when you say, I don't recall today, that means that sitting here today, you just don't remember one way or	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. Is it possible that you, having heard what Mr. Dondero said and seeing funds being transferred, assumed that that would be a loan without him actually telling you that would be a loan? MR. MORRIS: Objection to the form of the question. A. Sorry, I want to make sure – did I ask the amounts that were transferred that I – that – that I assumed that that was a loan? Q. Well, let me – let me take – let me try again. So you have established already that there were quite a number of promissory notes back and forth – I'm sorry, quite a number of promissory notes with affiliated companies and individuals owing Highland money; right? A. Yes. Q. And you have established that there were many transactions and transfers going back	raye 200
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	yes, I would say it was – it was all related to that. Q. Did Mr. Dondero tell you that those funds would be a loan from Highland to HCMFA? A. I don't recall. MR. MORRIS: Objection to the form of the question. Q. Now, and forgive me, I'm probably the only non-American bom here, but I speak reasonably well in English. I don't recall, does that mean you don't remember or does that mean it didn't happen? MR. MORRIS: Objection to the form of the question. A. It – it means I don't – I don't remember. Q. Did Mr. Dondero tell you to have those two promissory notes prepared? A. I don't recall. Q. When you – again, when you say, I don't recall today, that means that sitting	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. Is it possible that you, having heard what Mr. Dondero said and seeing funds being transferred, assumed that that would be a loan without him actually telling you that would be a loan? MR. MORRIS: Objection to the form of the question. A. Sorry, I want to make sure – did I ask the amounts that were transferred that I – that – that I assumed that that was a loan? Q. Well, let me – let me take – let me try again. So you have established already that there were quite a number of promissory notes back and forth – I'm sorry, quite a number of promissory notes with affiliated companies and individuals owing Highland money; right? A. Yes. Q. And you have established that there were many transactions and transfers going back and forth over the years; right? MS. DANDENEAU: Objection to form. A. In – yes, in my capacity as CFO and	raye 200
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	yes, I would say it was – it was all related to that. Q. Did Mr. Dondero tell you that those funds would be a loan from Highland to HCMFA? A. I don't recall. MR. MORRIS: Objection to the form of the question. Q. Now, and forgive me, I'm probably the only non-American born here, but I speak reasonably well in English. I don't recall, does that mean you don't remember or does that mean it didn't happen? MR. MORRIS: Objection to the form of the question. A. It – it means I don't – I don't remember. Q. Did Mr. Dondero tell you to have those two promissory notes prepared? A. I don't recall. Q. When you – again, when you say, I don't recall today, that means that sitting here today, you just don't remember one way or	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. Is it possible that you, having heard what Mr. Dondero said and seeing funds being transferred, assumed that that would be a loan without him actually telling you that would be a loan? MR. MORRIS: Objection to the form of the question. A. Sorry, I want to make sure – did I ask the amounts that were transferred that I – that – that I assumed that that was a loan? Q. Well, let me – let me take – let me try again. So you have established already that there were quite a number of promissory notes back and forth – I'm sorry, quite a number of promissory notes with affiliated companies and individuals owing Highland money; right? A. Yes. Q. And you have established that there were many transactions and transfers going back and forth over the years; right? MS. DANDENEAU: Objection to form.	raye 200

	Pa	ge 286			Page 287
1	WATERHOUSE - 10-19-21	gc 200	1	WATERHOUSE - 10-19-21	1 age 207
2	Q. And that's part of the reason why		2	Q. And that is fine. That - that -	
3	you just can't remember some of the details		3	that is why I asked the question.	
4	today because this - this happened years ago,		4	Is it possible in May of 2019 when	
5	and there were a number of transactions. Is		5	Mr. Dondero told you to transfer the funds from	
6	that accurate?		6	Highland, you just assumed on your own that	
7	MS. DANDENEAU: Objection to the		7	those would be loans without him actually	
8	form.		8	telling you that those would be loans?	
9	MR. MORRIS: Objection to the form		9	MR. MORRIS: Objection to the form	
10	of the question.	-	10	of the question.	
11	A. I mean, I deal with thousands of –	-	11	A. I don't know.	
12	of of of transactions, you know, whether	.	12	Q. I'm sorry, you –	
13	it has – the processing of transactions, you	.	13	A. I said I don't know.	
14	know, if it has got, you know, more – more		14	Q. Okay. Well, as the - as the CFO	
15	zeros, you know, behind it than others.		15	for Highland, if you saw \$7.4 million going	
16	When you look at thousands of		16	out, you would feel some responsibility to	
17	transactions over the years for funds and		17	account for that, wouldn't you?	
18	advisors and – and, you know, financial		18	MR. MORRIS: Objection to the form	
19	statements, I mean, it is - it is very hard		19	of the question.	
20	going back in - in - in my - you know,		20	A. Yes.	
21	14-ish year career at – at Highland to		21	Q. Is it fair to say that those would	
22	remember a lot of those details, especially		22	be in the range large enough to rise up to your	
23	when I don't have any records or books or		23	level?	
24	anything like that, and – and going back many		24	MR. MORRIS: Objection to the form	
25	years.		25	of the question.	
\vdash	Pa	ge 288			Page 289
1 4					
1	WATERHOUSE - 10-19-21		1	WATERHOUSE - 10-19-21	1 age 200
2	WATERHOUSE - 10-19-21 A. If – I don't know if I understand		1	WATERHOUSE - 10-19-21 of the question.	1 age 200
1					1 age 200
2	A. If – I don't know if I understand		2	of the question.	1 age 200
2 3	A. If – I don't know if I understand your question. Those amounts would arise to my		2	of the question. A. I don't know. As I testified	1 age 200
2 3 4	A. If – I don't know if I understand your question. Those amounts would arise to my level where I would be involved or		2 3 4 5	of the question. A. I don't know. As I testified earlier, I had conversations with Mr. Dondero	1 uge 200
2 3 4	A. If – I don't know if I understand your question. Those amounts would arise to my level where I would be involved or Q. You would want to know what a		2 3 4 5 6	of the question. A. I don't know. As I testified earlier, I had conversations with Mr. Dondero about – about the – the – the moneys that	1 age 200
2 3 4 5 6	A. If – I don't know if I understand your question. Those amounts would arise to my level where I would be involved or Q. You would want to know what a transfer for that amount, \$7.4 million, was all		2 3 4 5 6 7	of the question. A. I don't know. As I testified earlier, I had conversations with Mr. Dondero about – about the – the – the moneys that were needed for the NAV error. And I recall	1 uge 200
2 3 4 5 6 7	A. If – I don't know if I understand your question. Those amounts would arise to my level where I would be involved or Q. You would want to know what a transfer for that amount, \$7.4 million, was all about, as the CFO of Highland, wouldn't you?		2 3 4 5 6 7	of the question. A. I don't know. As I testified earlier, I had conversations with Mr. Dondero about – about the – the – the moneys that were needed for the NAV error. And I recall him saying go get it from Highland – or get it	1 uge 200
2 3 4 5 6 7 8	A. If – I don't know if I understand your question. Those amounts would arise to my level where I would be involved or Q. You would want to know what a transfer for that amount, \$7.4 million, was all about, as the CFO of Highland, wouldn't you? MR. MORRIS: Objection to the form of the question. A. Yes, I make it – I mean, I – I		2 3 4 5 6 7 8	of the question. A. I don't know. As I testified earlier, I had conversations with Mr. Dondero about – about the – the – the moneys that were needed for the NAV error. And I recall him saying go get it from Highland – or get it from Highland.	1 age 200
2 3 4 5 6 7 8 9	A. If – I don't know if I understand your question. Those amounts would arise to my level where I would be involved or Q. You would want to know what a transfer for that amount, \$7.4 million, was all about, as the CFO of Highland, wouldn't you? MR. MORRIS: Objection to the form of the question. A. Yes, I make it – I mean, I – I review all sorts of payments, I mean, even		2 3 4 5 6 7 8 9	of the question. A. I don't know. As I testified earlier, I had conversations with Mr. Dondero about – about the – the – the moneys that were needed for the NAV error. And I recall him saying go get it from Highland – or get it from Highland. Q. Well, why did you sign those	r uge 200
2 3 4 5 6 7 8 9	A. If – I don't know if I understand your question. Those amounts would arise to my level where I would be involved or Q. You would want to know what a transfer for that amount, \$7.4 million, was all about, as the CFO of Highland, wouldn't you? MR. MORRIS: Objection to the form of the question. A. Yes, I make it – I mean, I – I		2 3 4 5 6 7 8 9	of the question. A. I don't know. As I testified earlier, I had conversations with Mr. Dondero about – about the – the – the moneys that were needed for the NAV error. And I recall him saying go get it from Highland – or get it from Highland. Q. Well, why did you sign those promissory notes and why didn't you have him	r uge 200
2 3 4 5 6 7 8 9 10	A. If – I don't know if I understand your question. Those amounts would arise to my level where I would be involved or Q. You would want to know what a transfer for that amount, \$7.4 million, was all about, as the CFO of Highland, wouldn't you? MR. MORRIS: Objection to the form of the question. A. Yes, I make it – I mean, I – I review all sorts of payments, I mean, even		2 3 4 5 6 7 8 9 10	of the question. A. I don't know. As I testified earlier, I had conversations with Mr. Dondero about – about the – the – the moneys that were needed for the NAV error. And I recall him saying go get it from Highland – or get it from Highland. Q. Well, why did you sign those promissory notes and why didn't you have him sign them?	r uge 200
2 3 4 5 6 7 8 9 10 11 12	A. If – I don't know if I understand your question. Those amounts would arise to my level where I would be involved or Q. You would want to know what a transfer for that amount, \$7.4 million, was all about, as the CFO of Highland, wouldn't you? MR. MORRIS: Objection to the form of the question. A. Yes, I make it – I mean, I – I review all sorts of payments, I mean, even smaller dollar payments on a periodic basis,		2 3 4 5 6 7 8 9 10 11	of the question. A. I don't know. As I testified earlier, I had conversations with Mr. Dondero about – about the – the – the moneys that were needed for the NAV error. And I recall him saying go get it from Highland – or get it from Highland. Q. Well, why did you sign those promissory notes and why didn't you have him sign them? MR. MORRIS: Objection to the form	Tuge 200
2 3 4 5 6 7 8 9 10 11 12 13	A. If – I don't know if I understand your question. Those amounts would arise to my level where I would be involved or Q. You would want to know what a transfer for that amount, \$7.4 million, was all about, as the CFO of Highland, wouldn't you? MR. MORRIS: Objection to the form of the question. A. Yes, I make it – I mean, I – I review all sorts of payments, I mean, even smaller dollar payments on a periodic basis, you know, to – to – to understand and to make		2 3 4 5 6 7 8 9 10 11 12 13	of the question. A. I don't know. As I testified earlier, I had conversations with Mr. Dondero about — about the — the — the moneys that were needed for the NAV error. And I recall him saying go get it from Highland — or get it from Highland. Q. Well, why did you sign those promissory notes and why didn't you have him sign them? MR. MORRIS: Objection to the form of the question.	r uge 200
2 3 4 5 6 7 8 9 10 11 12 13 14	A. If – I don't know if I understand your question. Those amounts would arise to my level where I would be involved or Q. You would want to know what a transfer for that amount, \$7.4 million, was all about, as the CFO of Highland, wouldn't you? MR. MORRIS: Objection to the form of the question. A. Yes, I make it – I mean, I – I review all sorts of payments, I mean, even smaller dollar payments on a periodic basis, you know, to – to – to understand and to make sure that we are paying things in a – you		2 3 4 5 6 7 8 9 10 11 12 13	of the question. A. I don't know. As I testified earlier, I had conversations with Mr. Dondero about – about the – the – the moneys that were needed for the NAV error. And I recall him saying go get it from Highland – or get it from Highland. Q. Well, why did you sign those promissory notes and why didn't you have him sign them? MR. MORRIS: Objection to the form of the question. A. I don't know. I don't know.	r uge 200
2 3 4 5 6 7 8 9 10 11 12 13 14 15	A. If – I don't know if I understand your question. Those amounts would arise to my level where I would be involved or Q. You would want to know what a transfer for that amount, \$7.4 million, was all about, as the CFO of Highland, wouldn't you? MR. MORRIS: Objection to the form of the question. A. Yes, I make it – I mean, I – I review all sorts of payments, I mean, even smaller dollar payments on a periodic basis, you know, to – to – to understand and to make sure that we are paying things in a – you know, in – in – in an informed way. And, you		2 3 4 5 6 7 8 9 10 11 12 13 14 15	of the question. A. I don't know. As I testified earlier, I had conversations with Mr. Dondero about – about the – the – the moneys that were needed for the NAV error. And I recall him saying go get it from Highland – or get it from Highland. Q. Well, why did you sign those promissory notes and why didn't you have him sign them? MR. MORRIS: Objection to the form of the question. A. I don't know. I don't know. Q. You mentioned earlier that you	Tage 200
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	A. If – I don't know if I understand your question. Those amounts would arise to my level where I would be involved or Q. You would want to know what a transfer for that amount, \$7.4 million, was all about, as the CFO of Highland, wouldn't you? MR. MORRIS: Objection to the form of the question. A. Yes, I make it – I mean, I – I review all sorts of payments, I mean, even smaller dollar payments on a periodic basis, you know, to – to – to understand and to make sure that we are paying things in a – you know, in – in – in an informed way. And, you know – and we're – and we're paying things		2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	of the question. A. I don't know. As I testified earlier, I had conversations with Mr. Dondero about — about the — the — the moneys that were needed for the NAV error. And I recall him saying go get it from Highland — or get it from Highland. Q. Well, why did you sign those promissory notes and why didn't you have him sign them? MR. MORRIS: Objection to the form of the question. A. I don't know. I don't know. Q. You mentioned earlier that you typically don't sign promissory notes. Am I	Tage 200
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	A. If – I don't know if I understand your question. Those amounts would arise to my level where I would be involved or Q. You would want to know what a transfer for that amount, \$7.4 million, was all about, as the CFO of Highland, wouldn't you? MR. MORRIS: Objection to the form of the question. A. Yes, I make it – I mean, I – I review all sorts of payments, I mean, even smaller dollar payments on a periodic basis, you know, to – to – to understand and to make sure that we are paying things in a – you know, in – in – in an informed way. And, you know – and we're – and we're paying things pursuant to vendor contracts and things like that. Q. So as part of that, is it possible		2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	of the question. A. I don't know. As I testified earlier, I had conversations with Mr. Dondero about – about the – the – the moneys that were needed for the NAV error. And I recall him saying go get it from Highland – or get it from Highland. Q. Well, why did you sign those promissory notes and why didn't you have him sign them? MR. MORRIS: Objection to the form of the question. A. I don't know. I don't know. Q. You mentioned earlier that you typically don't sign promissory notes. Am I remembering your testimony correctly? I mean, promissory notes on behalf of the entities. Not yourself, obviously.	Tage 200
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. If – I don't know if I understand your question. Those amounts would arise to my level where I would be involved or Q. You would want to know what a transfer for that amount, \$7.4 million, was all about, as the CFO of Highland, wouldn't you? MR. MORRIS: Objection to the form of the question. A. Yes, I make it – I mean, I – I review all sorts of payments, I mean, even smaller dollar payments on a periodic basis, you know, to – to – to understand and to make sure that we are paying things in a – you know, in – in – in an informed way. And, you know – and we're – and we're paying things pursuant to vendor contracts and things like that. Q. So as part of that, is it possible that seeing \$7.4 million go out you would have		2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	of the question. A. I don't know. As I testified earlier, I had conversations with Mr. Dondero about – about the – the – the moneys that were needed for the NAV error. And I recall him saying go get it from Highland – or get it from Highland. Q. Well, why did you sign those promissory notes and why didn't you have him sign them? MR. MORRIS: Objection to the form of the question. A. I don't know. I don't know. Q. You mentioned earlier that you typically don't sign promissory notes. Am I remembering your testimony correctly? I mean, promissory notes on behalf of the entities. Not yourself, obviously. A. Yes, that is what I said earlier.	Tage 200
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	A. If – I don't know if I understand your question. Those amounts would arise to my level where I would be involved or Q. You would want to know what a transfer for that amount, \$7.4 million, was all about, as the CFO of Highland, wouldn't you? MR. MORRIS: Objection to the form of the question. A. Yes, I make it – I mean, I – I review all sorts of payments, I mean, even smaller dollar payments on a periodic basis, you know, to – to – to understand and to make sure that we are paying things in a – you know, in – in – in an informed way. And, you know – and we're – and we're paying things pursuant to vendor contracts and things like that. Q. So as part of that, is it possible that seeing \$7.4 million go out you would have promissory notes made in order to keep a paper		2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	of the question. A. I don't know. As I testified earlier, I had conversations with Mr. Dondero about – about the – the – the moneys that were needed for the NAV error. And I recall him saying go get it from Highland – or get it from Highland. Q. Well, why did you sign those promissory notes and why didn't you have him sign them? MR. MORRIS: Objection to the form of the question. A. I don't know. I don't know. Q. You mentioned earlier that you typically don't sign promissory notes. Am I remembering your testimony correctly? I mean, promissory notes on behalf of the entities. Not yourself, obviously. A. Yes, that is what I said earlier. Q. Do you recall any other promissory	Tage 200
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	A. If – I don't know if I understand your question. Those amounts would arise to my level where I would be involved or Q. You would want to know what a transfer for that amount, \$7.4 million, was all about, as the CFO of Highland, wouldn't you? MR. MORRIS: Objection to the form of the question. A. Yes, I make it – I mean, I – I review all sorts of payments, I mean, even smaller dollar payments on a periodic basis, you know, to – to – to understand and to make sure that we are paying things in a – you know, in – in – in an informed way. And, you know – and we're – and we're paying things pursuant to vendor contracts and things like that. Q. So as part of that, is it possible that seeing \$7.4 million go out you would have		2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	of the question. A. I don't know. As I testified earlier, I had conversations with Mr. Dondero about – about the – the – the moneys that were needed for the NAV error. And I recall him saying go get it from Highland – or get it from Highland. Q. Well, why did you sign those promissory notes and why didn't you have him sign them? MR. MORRIS: Objection to the form of the question. A. I don't know. I don't know. Q. You mentioned earlier that you typically don't sign promissory notes. Am I remembering your testimony correctly? I mean, promissory notes on behalf of the entities. Not yourself, obviously. A. Yes, that is what I said earlier. Q. Do you recall any other promissory notes in the million-plus range that you had	Tage 200
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	A. If – I don't know if I understand your question. Those amounts would arise to my level where I would be involved or Q. You would want to know what a transfer for that amount, \$7.4 million, was all about, as the CFO of Highland, wouldn't you? MR. MORRIS: Objection to the form of the question. A. Yes, I make it – I mean, I – I review all sorts of payments, I mean, even smaller dollar payments on a periodic basis, you know, to – to – to understand and to make sure that we are paying things in a – you know, in – in – in an informed way. And, you know – and we're – and we're paying things pursuant to vendor contracts and things like that. Q. So as part of that, is it possible that seeing \$7.4 million go out you would have promissory notes made in order to keep a paper trail, assuming that those were loans, when perhaps they were never intended to be loans by		2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	of the question. A. I don't know. As I testified earlier, I had conversations with Mr. Dondero about — about the — the — the moneys that were needed for the NAV error. And I recall him saying go get it from Highland — or get it from Highland. Q. Well, why did you sign those promissory notes and why didn't you have him sign them? MR. MORRIS: Objection to the form of the question. A. I don't know. I don't know. Q. You mentioned earlier that you typically don't sign promissory notes. Am I remembering your testimony correctly? I mean, promissory notes on behalf of the entities. Not yourself, obviously. A. Yes, that is what I said earlier. Q. Do you recall any other promissory notes in the million-plus range that you had ever signed before on behalf of any entity?	Tage 200
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	A. If – I don't know if I understand your question. Those amounts would arise to my level where I would be involved or Q. You would want to know what a transfer for that amount, \$7.4 million, was all about, as the CFO of Highland, wouldn't you? MR. MORRIS: Objection to the form of the question. A. Yes, I make it – I mean, I – I review all sorts of payments, I mean, even smaller dollar payments on a periodic basis, you know, to – to – to understand and to make sure that we are paying things in a – you know, in – in – in an informed way. And, you know – and we're – and we're paying things pursuant to vendor contracts and things like that. Q. So as part of that, is it possible that seeing \$7.4 million go out you would have promissory notes made in order to keep a paper trail, assuming that those were loans, when perhaps they were never intended to be loans by Mr. Dondero?		2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	of the question. A. I don't know. As I testified earlier, I had conversations with Mr. Dondero about – about the – the – the moneys that were needed for the NAV error. And I recall him saying go get it from Highland – or get it from Highland. Q. Well, why did you sign those promissory notes and why didn't you have him sign them? MR. MORRIS: Objection to the form of the question. A. I don't know. I don't know. Q. You mentioned earlier that you typically don't sign promissory notes. Am I remembering your testimony correctly? I mean, promissory notes on behalf of the entities. Not yourself, obviously. A. Yes, that is what I said earlier. Q. Do you recall any other promissory notes in the million-plus range that you had ever signed before on behalf of any entity? A. There is – there has been a lot of	
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. If – I don't know if I understand your question. Those amounts would arise to my level where I would be involved or Q. You would want to know what a transfer for that amount, \$7.4 million, was all about, as the CFO of Highland, wouldn't you? MR. MORRIS: Objection to the form of the question. A. Yes, I make it – I mean, I – I review all sorts of payments, I mean, even smaller dollar payments on a periodic basis, you know, to – to – to understand and to make sure that we are paying things in a – you know, in – in – in an informed way. And, you know – and we're – and we're paying things pursuant to vendor contracts and things like that. Q. So as part of that, is it possible that seeing \$7.4 million go out you would have promissory notes made in order to keep a paper trail, assuming that those were loans, when perhaps they were never intended to be loans by		2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	of the question. A. I don't know. As I testified earlier, I had conversations with Mr. Dondero about — about the — the — the moneys that were needed for the NAV error. And I recall him saying go get it from Highland — or get it from Highland. Q. Well, why did you sign those promissory notes and why didn't you have him sign them? MR. MORRIS: Objection to the form of the question. A. I don't know. I don't know. Q. You mentioned earlier that you typically don't sign promissory notes. Am I remembering your testimony correctly? I mean, promissory notes on behalf of the entities. Not yourself, obviously. A. Yes, that is what I said earlier. Q. Do you recall any other promissory notes in the million-plus range that you had ever signed before on behalf of any entity?	r age 200

1	Page 290 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 291
1	don't – I don't recall generally. I don't –	2	Q. Strike that.	
3	I don't recall.	3	Do you recall whether you sent an	
4	Q. So – but to the best of your	4	email to anyone asking them to draft those two	
5	recollection, it was on your initiative,	5	promissory notes?	
6	following your discussion with Mr. Dondero,	6	A. I don't recall because, again,	
7	that you had someone draft those two promissory	7	once – I would have instructed – likely	
8	notes; is that correct?	8	instructed the team to – to work with the	
9	MR. MORRIS: Objection to the form	9	legal group to draft these documents.	
10	of the question.	10	I – I – I – yeah, I didn't – I	
11	A. Yes, we would have – the team, as I	11	mean, that is more an operational-type	
12	stated earlier, we don't draft promissory	12	procedure. So, you know, a manager or a	
13	notes. "The team" meaning the accounting and	13	controller or working with legal. You know,	
14	finance team.	14	they – they can certainly handle that task to	
15	So the team would have worked with	15	get that – you know, to request that from	
16	the legal group at Highland to draft any notes.	16	legal.	
17	Q. Do you believe or do you have any	17	Q. And who on your team do you think	
18	recollection as to whether you would have done	18	you would have asked to do that?	
19	that pursuant to an email or telephone call or	19	MR. MORRIS: Objection –	
20	in-person meeting?	20	Q. Who would have been the logical	
21	MR. MORRIS: Objection to the form	21	person or people, if you don't remember their	
22	of the question.	22	name today?	
23	A. Are you asking if I would have – if	23	MR. MORRIS: Objection to the form	
24	those notes would have been drafted pursuant to	24	of the question.	
25	an email or phone call?	25	A. It – it – there is only two	
	*		·	
				D 000
1	Page 292 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 293
1 2	WATERHOUSE - 10-19-21	1 2		Page 293
1 2 3		1 2 3	go-ahead was to – you know, we see the light	Page 293
2	WATERHOUSE - 10-19-21 managers of the group. That would have been	2	go-ahead was to – you know, we see the light at the end of the tunnel with wrapping this up	Page 293
2 3	WATERHOUSE - 10-19-21 managers of the group. That would have been Dave Klos or Kristin Hendrix.	3	go-ahead was to – you know, we see the light	Page 293
2 3 4	WATERHOUSE - 10-19-21 managers of the group. That would have been Dave Klos or Kristin Hendrix. Dave was the – one of his duties was managing the valuation team, and so he was	2 3 4	go-ahead was to – you know, we see the light at the end of the tunnel with wrapping this up and making shareholders whole – sorry to say	Page 293
2 3 4 5	WATERHOUSE - 10-19-21 managers of the group. That would have been Dave Klos or Kristin Hendrix. Dave was the – one of his duties	2 3 4 5	go-ahead was to – you know, we see the light at the end of the tunnel with wrapping this up and making shareholders whole – sorry to say "we" – you know, the – so the folks that are	Page 293
2 3 4 5	WATERHOUSE - 10-19-21 managers of the group. That would have been Dave Klos or Kristin Hendrix. Dave was the – one of his duties was managing the valuation team, and so he was intimately involved with this process. So, you	2 3 4 5 6	go-ahead was to – you know, we see the light at the end of the tunnel with wrapping this up and making shareholders whole – sorry to say "we" – you know, the – so the folks that are involved in it.	Page 293
2 3 4 5 6 7	WATERHOUSE - 10-19-21 managers of the group. That would have been Dave Klos or Kristin Hendrix. Dave was the – one of his duties was managing the valuation team, and so he was intimately involved with this process. So, you know	2 3 4 5 6 7	go-ahead was to – you know, we see the light at the end of the tunnel with wrapping this up and making shareholders whole – sorry to say "we" – you know, the – so the folks that are involved in it. I like to talk to people	Page 293
2 3 4 5 6 7 8	WATERHOUSE - 10-19-21 managers of the group. That would have been Dave Klos or Kristin Hendrix. Dave was the – one of his duties was managing the valuation team, and so he was intimately involved with this process. So, you know Q. Okay.	2 3 4 5 6 7 8	go-ahead was to – you know, we see the light at the end of the tunnel with wrapping this up and making shareholders whole – sorry to say "we" – you know, the – so the folks that are involved in it. I like to talk to people face-to-face and – and – and go to – and go	Page 293
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 managers of the group. That would have been Dave Klos or Kristin Hendrix. Dave was the – one of his duties was managing the valuation team, and so he was intimately involved with this process. So, you know Q. Okay. A. I don't recall specifically but, I	2 3 4 5 6 7 8 9	go-ahead was to – you know, we see the light at the end of the tunnel with wrapping this up and making shareholders whole – sorry to say "we" – you know, the – so the folks that are involved in it. I like to talk to people face-to-face and – and – and go to – and go to their desk, because that shows if I'm going	Page 293
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 managers of the group. That would have been Dave Klos or Kristin Hendrix. Dave was the – one of his duties was managing the valuation team, and so he was intimately involved with this process. So, you know Q. Okay. A. I don't recall specifically but, I mean, my general – you know, I – I – I	2 3 4 5 6 7 8 9	go-ahead was to – you know, we see the light at the end of the tunnel with wrapping this up and making shareholders whole – sorry to say "we" – you know, the – so the folks that are involved in it. I like to talk to people face-to-face and – and – and go to – and go to their desk, because that shows if I'm going to their desk that – that is something that I	Page 293
2 3 4 5 6 7 8 9 10	WATERHOUSE - 10-19-21 managers of the group. That would have been Dave Klos or Kristin Hendrix. Dave was the – one of his duties was managing the valuation team, and so he was intimately involved with this process. So, you know Q. Okay. A. I don't recall specifically but, I mean, my general – you know, I – I – I likely would have talked to Dave first about it	2 3 4 5 6 7 8 9 10	go-ahead was to – you know, we see the light at the end of the tunnel with wrapping this up and making shareholders whole – sorry to say "we" – you know, the – so the folks that are involved in it. I like to talk to people face-to-face and – and – and go to – and go to their desk, because that shows if I'm going to their desk that – that is something that I want done, you know.	Page 293
2 3 4 5 6 7 8 9 10 11 12	WATERHOUSE - 10-19-21 managers of the group. That would have been Dave Klos or Kristin Hendrix. Dave was the – one of his duties was managing the valuation team, and so he was intimately involved with this process. So, you know Q. Okay. A. I don't recall specifically but, I mean, my general – you know, I – I – I likely would have talked to Dave first about it versus someone like Kristin who hadn't been	2 3 4 5 6 7 8 9 10 11 12	go-ahead was to – you know, we see the light at the end of the tunnel with wrapping this up and making shareholders whole – sorry to say "we" – you know, the – so the folks that are involved in it. I like to talk to people face-to-face and – and – and go to – and go to their desk, because that shows if I'm going to their desk that – that is something that I want done, you know. Q. And do you remember, Mr. Waterhouse,	Page 293
2 3 4 5 6 7 8 9 10 11 12 13	WATERHOUSE - 10-19-21 managers of the group. That would have been Dave Klos or Kristin Hendrix. Dave was the – one of his duties was managing the valuation team, and so he was intimately involved with this process. So, you know Q. Okay. A. I don't recall specifically but, I mean, my general – you know, I – I – I likely would have talked to Dave first about it versus someone like Kristin who hadn't been intimately involved.	2 3 4 5 6 7 8 9 10 11 12 13	go-ahead was to – you know, we see the light at the end of the tunnel with wrapping this up and making shareholders whole – sorry to say "we" – you know, the – so the folks that are involved in it. I like to talk to people face-to-face and – and – and go to – and go to their desk, because that shows if I'm going to their desk that – that is something that I want done, you know. Q. And do you remember, Mr. Waterhouse, getting those two promissory notes in paper	Page 293
2 3 4 5 6 7 8 9 10 11 12 13 14	WATERHOUSE - 10-19-21 managers of the group. That would have been Dave Klos or Kristin Hendrix. Dave was the – one of his duties was managing the valuation team, and so he was intimately involved with this process. So, you know Q. Okay. A. I don't recall specifically but, I mean, my general – you know, I – I – I likely would have talked to Dave first about it versus someone like Kristin who hadn't been intimately involved. Q. And – and do you have a view as to	2 3 4 5 6 7 8 9 10 11 12 13 14	go-ahead was to – you know, we see the light at the end of the tunnel with wrapping this up and making shareholders whole – sorry to say "we" – you know, the – so the folks that are involved in it. I like to talk to people face-to-face and – and – and go to – and go to their desk, because that shows if I'm going to their desk that – that is something that I want done, you know. Q. And do you remember, Mr. Waterhouse, getting those two promissory notes in paper format or by email before they were executed?	Page 293
2 3 4 5 6 7 8 9 10 11 12 13 14 15	WATERHOUSE - 10-19-21 managers of the group. That would have been Dave Klos or Kristin Hendrix. Dave was the – one of his duties was managing the valuation team, and so he was intimately involved with this process. So, you know Q. Okay. A. I don't recall specifically but, I mean, my general – you know, I – I – I likely would have talked to Dave first about it versus someone like Kristin who hadn't been intimately involved. Q. And – and do you have a view as to whether it is most likely that you would have	2 3 4 5 6 7 8 9 10 11 12 13 14 15	go-ahead was to – you know, we see the light at the end of the tunnel with wrapping this up and making shareholders whole – sorry to say "we" – you know, the – so the folks that are involved in it. I like to talk to people face-to-face and – and – and go to – and go to their desk, because that shows if I'm going to their desk that – that is something that I want done, you know. Q. And do you remember, Mr. Waterhouse, getting those two promissory notes in paper format or by email before they were executed? MR. MORRIS: Objection to the form	Page 293
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	WATERHOUSE - 10-19-21 managers of the group. That would have been Dave Klos or Kristin Hendrix. Dave was the – one of his duties was managing the valuation team, and so he was intimately involved with this process. So, you know Q. Okay. A. I don't recall specifically but, I mean, my general – you know, I – I – I likely would have talked to Dave first about it versus someone like Kristin who hadn't been intimately involved. Q. And – and do you have a view as to whether it is most likely that you would	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	go-ahead was to – you know, we see the light at the end of the tunnel with wrapping this up and making shareholders whole – sorry to say "we" – you know, the – so the folks that are involved in it. I like to talk to people face-to-face and – and – and go to – and go to their desk, because that shows if I'm going to their desk that – that is something that I want done, you know. Q. And do you remember, Mr. Waterhouse, getting those two promissory notes in paper format or by email before they were executed? MR. MORRIS: Objection to the form of the question.	Page 293
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	WATERHOUSE - 10-19-21 managers of the group. That would have been Dave Klos or Kristin Hendrix. Dave was the – one of his duties was managing the valuation team, and so he was intimately involved with this process. So, you know Q. Okay. A. I don't recall specifically but, I mean, my general – you know, I – I – I likely would have talked to Dave first about it versus someone like Kristin who hadn't been intimately involved. Q. And – and do you have a view as to whether it is most likely that you would have done that by email or in-person or how would you believe you would have communicated that to	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	go-ahead was to – you know, we see the light at the end of the tunnel with wrapping this up and making shareholders whole – sorry to say "we" – you know, the – so the folks that are involved in it. I like to talk to people face-to-face and – and – and go to – and go to their desk, because that shows if I'm going to their desk that – that is something that I want done, you know. Q. And do you remember, Mr. Waterhouse, getting those two promissory notes in paper format or by email before they were executed? MR. MORRIS: Objection to the form of the question. A. I don't recall.	Page 293
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	WATERHOUSE - 10-19-21 managers of the group. That would have been Dave Klos or Kristin Hendrix. Dave was the – one of his duties was managing the valuation team, and so he was intimately involved with this process. So, you know Q. Okay. A. I don't recall specifically but, I mean, my general – you know, I – I – I likely would have talked to Dave first about it versus someone like Kristin who hadn't been intimately involved. Q. And – and do you have a view as to whether it is most likely that you would have done that by email or in-person or how would you believe you would have communicated that to Mr. Klos?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	go-ahead was to – you know, we see the light at the end of the tunnel with wrapping this up and making shareholders whole – sorry to say "we" – you know, the – so the folks that are involved in it. I like to talk to people face-to-face and – and – and go to – and go to their desk, because that shows if I'm going to their desk that – that is something that I want done, you know. Q. And do you remember, Mr. Waterhouse, getting those two promissory notes in paper format or by email before they were executed? MR. MORRIS: Objection to the form of the question. A. I don't recall. Q. For whatever was the ordinary course	Page 293
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	WATERHOUSE - 10-19-21 managers of the group. That would have been Dave Klos or Kristin Hendrix. Dave was the – one of his duties was managing the valuation team, and so he was intimately involved with this process. So, you know Q. Okay. A. I don't recall specifically but, I mean, my general – you know, I – I – I likely would have talked to Dave first about it versus someone like Kristin who hadn't been intimately involved. Q. And – and do you have a view as to whether it is most likely that you would have done that by email or in-person or how would you believe you would have communicated that to Mr. Klos? MR. MORRIS: Objection to the form of the question. A. I likely would have done that in	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	go-ahead was to – you know, we see the light at the end of the tunnel with wrapping this up and making shareholders whole – sorry to say "we" – you know, the – so the folks that are involved in it. I like to talk to people face-to-face and – and – and go to – and go to their desk, because that shows if I'm going to their desk that – that is something that I want done, you know. Q. And do you remember, Mr. Waterhouse, getting those two promissory notes in paper format or by email before they were executed? MR. MORRIS: Objection to the form of the question. A. I don't recall. Q. For whatever was the ordinary course back then in May 2019, would you expect to have received them only on paper or would you have expected to have received them in Word document	Page 293
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	managers of the group. That would have been Dave Klos or Kristin Hendrix. Dave was the — one of his duties was managing the valuation team, and so he was intimately involved with this process. So, you know Q. Okay. A. I don't recall specifically but, I mean, my general — you know, I — I — I likely would have talked to Dave first about it versus someone like Kristin who hadn't been intimately involved. Q. And — and do you have a view as to whether it is most likely that you would have done that by email or in-person or how would you believe you would have communicated that to Mr. Klos? MR. MORRIS: Objection to the form of the question. A. I likely would have done that in person. Again, if things of this nature	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	go-ahead was to – you know, we see the light at the end of the tunnel with wrapping this up and making shareholders whole – sorry to say "we" – you know, the – so the folks that are involved in it. I like to talk to people face-to-face and – and – and go to – and go to their desk, because that shows if I'm going to their desk that – that is something that I want done, you know. Q. And do you remember, Mr. Waterhouse, getting those two promissory notes in paper format or by email before they were executed? MR. MORRIS: Objection to the form of the question. A. I don't recall. Q. For whatever was the ordinary course back then in May 2019, would you expect to have received them only on paper or would you have expected to have received them in Word document or PDF document by email?	Page 293
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	managers of the group. That would have been Dave Klos or Kristin Hendrix. Dave was the — one of his duties was managing the valuation team, and so he was intimately involved with this process. So, you know Q. Okay. A. I don't recall specifically but, I mean, my general — you know, I — I — I likely would have talked to Dave first about it versus someone like Kristin who hadn't been intimately involved. Q. And — and do you have a view as to whether it is most likely that you would have done that by email or in-person or how would you believe you would have communicated that to Mr. Klos? MR. MORRIS: Objection to the form of the question. A. I likely would have done that in person. Again, if things of this nature that — again, you have to put ourselves back	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	go-ahead was to – you know, we see the light at the end of the tunnel with wrapping this up and making shareholders whole – sorry to say "we" – you know, the – so the folks that are involved in it. I like to talk to people face-to-face and – and – and go to – and go to their desk, because that shows if I'm going to their desk that – that is something that I want done, you know. Q. And do you remember, Mr. Waterhouse, getting those two promissory notes in paper format or by email before they were executed? MR. MORRIS: Objection to the form of the question. A. I don't recall. Q. For whatever was the ordinary course back then in May 2019, would you expect to have received them only on paper or would you have expected to have received them in Word document	Page 293
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	managers of the group. That would have been Dave Klos or Kristin Hendrix. Dave was the – one of his duties was managing the valuation team, and so he was intimately involved with this process. So, you know Q. Okay. A. I don't recall specifically but, I mean, my general – you know, I – I – I likely would have talked to Dave first about it versus someone like Kristin who hadn't been intimately involved. Q. And – and do you have a view as to whether it is most likely that you would have done that by email or in-person or how would you believe you would have communicated that to Mr. Klos? MR. MORRIS: Objection to the form of the question. A. I likely would have done that in person. Again, if things of this nature that – again, you have to put ourselves back to, we have been working on this very stressful	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	go-ahead was to – you know, we see the light at the end of the tunnel with wrapping this up and making shareholders whole – sorry to say "we" – you know, the – so the folks that are involved in it. I like to talk to people face-to-face and – and – and go to – and go to their desk, because that shows if I'm going to their desk that – that is something that I want done, you know. Q. And do you remember, Mr. Waterhouse, getting those two promissory notes in paper format or by email before they were executed? MR. MORRIS: Objection to the form of the question. A. I don't recall. Q. For whatever was the ordinary course back then in May 2019, would you expect to have received them only on paper or would you have expected to have received them in Word document or PDF document by email? MR. MORRIS: Objection to the form of the question.	Page 293
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	managers of the group. That would have been Dave Klos or Kristin Hendrix. Dave was the — one of his duties was managing the valuation team, and so he was intimately involved with this process. So, you know Q. Okay. A. I don't recall specifically but, I mean, my general — you know, I — I — I likely would have talked to Dave first about it versus someone like Kristin who hadn't been intimately involved. Q. And — and do you have a view as to whether it is most likely that you would have done that by email or in-person or how would you believe you would have communicated that to Mr. Klos? MR. MORRIS: Objection to the form of the question. A. I likely would have done that in person. Again, if things of this nature that — again, you have to put ourselves back	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	go-ahead was to – you know, we see the light at the end of the tunnel with wrapping this up and making shareholders whole – sorry to say "we" – you know, the – so the folks that are involved in it. I like to talk to people face-to-face and – and – and go to – and go to their desk, because that shows if I'm going to their desk that – that is something that I want done, you know. Q. And do you remember, Mr. Waterhouse, getting those two promissory notes in paper format or by email before they were executed? MR. MORRIS: Objection to the form of the question. A. I don't recall. Q. For whatever was the ordinary course back then in May 2019, would you expect to have received them only on paper or would you have expected to have received them in Word document or PDF document by email? MR. MORRIS: Objection to the form	Page 293

_				
1	Page 294 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 295
2	few documents via email. I can't say that it	2	And my assistant, you know, if she	
3	never happened, but people either stopped by my	3	was there, she would review that – you know,	
4	office and physically walked in documents for	4	whatever was being dropped off. And if that	
5	signature that we discussed face-to-face.	5	has legal, you know, reviewed or reviewed or	
6	Or documents were – if – if –	6	approved it, if that wasn't – if that stuff	
7	if – if – let's say I wasn't there or I	7	hadn't been done, it was like she would just	
8	wasn't available, documents were dropped off.	8	tell them like, go – go – go to the legal	
9	I had – I had some in- and outboxes in front	9	group, because –	
10	of my – my office there at the Crescent.	10	Q. Let me – let me pause –	
11	Documents would be dropped off for	11	MS. DANDENEAU: Let him finish.	
12	signature. There would be a cover sheet that	12	MR. MORRIS: Thank you. Go ahead.	
13	would be – have been applied to those	13	A. I take – go to the legal group	
14	documents detailing, you know, who dropped it	14	because that – that was my – you know, I	
15	off, the purpose, why, what time.	15	didn't – I didn't review anything that – that	
16	And then, you know, as I stated, I	16	they weren't – you know, or there wasn't some	
17	don't draft documents and I always go to the	17	representation made to me that they had	
18	legal group and the compliance group to make	18	reviewed, approved in some capacity.	
19	sure that they're in the loop. And there is	19	Again, my – my – my goal, as CFO,	
20	a – a box or section that says, Has legal	20	is to provide transparency and make sure that	
21	reviewed or approved, or something to that	21	groups like compliance and other things – and	
22	nature.	22	the other group in legal are – are in – you	
23	Again, I don't – I don't have	23	know, their – they're made aware of	
۱	access to that cover sheet anymore, but it	24	transactions of – you know, that are crossing	
24 25	was – it was something to that effect.	25	my desk.	
23	was – it was something to that elect.	23	my desk.	
	Page 296 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 297
1 2	WATERHOUSE - 10-19-21	1 2	WATERHOUSE - 10-19-21	Page 297
2	WATERHOUSE - 10-19-21 Because I'm not in every	2	Q. Do you know – was there a file at	Page 297
2 3	WATERHOUSE - 10-19-21 Because I'm not in every conversation. They're not in every	2	Q. Do you know – was there a file at Highland kept anywhere with ink-signed	Page 297
2	WATERHOUSE - 10-19-21 Because I'm not in every conversation. They're not in every conversation – meaning legal compliance – and	2 3 4	Q. Do you know – was there a file at Highland kept anywhere with ink-signed originals of a promissory notes in general or	Page 297
2 3 4 5	WATERHOUSE - 10-19-21 Because I'm not in every conversation. They're not in every conversation – meaning legal compliance – and I just want to make sure that – that everyone	2 3 4 5	Q. Do you know – was there a file at Highland kept anywhere with ink-signed originals of a promissory notes in general or these two promissory notes specifically?	Page 297
2 3 4 5 6	WATERHOUSE - 10-19-21 Because I'm not in every conversation. They're not in every conversation – meaning legal compliance – and I just want to make sure that – that everyone is in sync to, you know, to – to the extent	2 3 4 5 6	Q. Do you know – was there a file at Highland kept anywhere with ink-signed originals of a promissory notes in general or these two promissory notes specifically? MR. MORRIS: Objection to the form	Page 297
2 3 4 5 6 7	WATERHOUSE - 10-19-21 Because I'm not in every conversation. They're not in every conversation – meaning legal compliance – and I just want to make sure that – that everyone is in sync to, you know, to – to the extent possible.	2 3 4 5 6 7	Q. Do you know – was there a file at Highland kept anywhere with ink-signed originals of a promissory notes in general or these two promissory notes specifically? MR. MORRIS: Objection to the form of the question.	Page 297
2 3 4 5 6 7 8	WATERHOUSE - 10-19-21 Because I'm not in every conversation. They're not in every conversation – meaning legal compliance – and I just want to make sure that – that everyone is in sync to, you know, to – to the extent possible. Q. So if we summarize, you don't	2 3 4 5 6 7 8	Q. Do you know – was there a file at Highland kept anywhere with ink-signed originals of a promissory notes in general or these two promissory notes specifically? MR. MORRIS: Objection to the form of the question. A. Sorry, I just want to make sure I	Page 297
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 Because I'm not in every conversation. They're not in every conversation – meaning legal compliance – and I just want to make sure that – that everyone is in sync to, you know, to – to the extent possible. Q. So if we summarize, you don't specifically remember signing these two notes,	2 3 4 5 6 7 8 9	Q. Do you know – was there a file at Highland kept anywhere with ink-signed originals of a promissory notes in general or these two promissory notes specifically? MR. MORRIS: Objection to the form of the question. A. Sorry, I just want to make sure I understand your question. Are you saying is	Page 297
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 Because I'm not in every conversation. They're not in every conversation – meaning legal compliance – and I just want to make sure that – that everyone is in sync to, you know, to – to the extent possible. Q. So if we summarize, you don't specifically remember signing these two notes, but most likely it would have been that they	2 3 4 5 6 7 8 9	Q. Do you know – was there a file at Highland kept anywhere with ink-signed originals of a promissory notes in general or these two promissory notes specifically? MR. MORRIS: Objection to the form of the question. A. Sorry, I just want to make sure I understand your question. Are you saying is there a file somewhere that has ink-signed	Page 297
2 3 4 5 6 7 8 9 10	WATERHOUSE - 10-19-21 Because I'm not in every conversation. They're not in every conversation – meaning legal compliance – and I just want to make sure that – that everyone is in sync to, you know, to – to the extent possible. Q. So if we summarize, you don't specifically remember signing these two notes, but most likely it would have been that they would have presented – been presented to you	2 3 4 5 6 7 8 9 10	Q. Do you know – was there a file at Highland kept anywhere with ink-signed originals of a promissory notes in general or these two promissory notes specifically? MR. MORRIS: Objection to the form of the question. A. Sorry, I just want to make sure I understand your question. Are you saying is there a file somewhere that has ink-signed originals of these two promissory notes?	Page 297
2 3 4 5 6 7 8 9 10 11 12	WATERHOUSE - 10-19-21 Because I'm not in every conversation. They're not in every conversation – meaning legal compliance – and I just want to make sure that – that everyone is in sync to, you know, to – to the extent possible. Q. So if we summarize, you don't specifically remember signing these two notes, but most likely it would have been that they would have presented – been presented to you physically on paper?	2 3 4 5 6 7 8 9 10 11 12	Q. Do you know – was there a file at Highland kept anywhere with ink-signed originals of a promissory notes in general or these two promissory notes specifically? MR. MORRIS: Objection to the form of the question. A. Sorry, I just want to make sure I understand your question. Are you saying is there a file somewhere that has ink-signed originals of these two promissory notes? Q. Yes.	Page 297
2 3 4 5 6 7 8 9 10 11 12 13	WATERHOUSE - 10-19-21 Because I'm not in every conversation. They're not in every conversation – meaning legal compliance – and I just want to make sure that – that everyone is in sync to, you know, to – to the extent possible. Q. So if we summarize, you don't specifically remember signing these two notes, but most likely it would have been that they would have presented – been presented to you physically on paper? MR. MORRIS: Objection to the form	2 3 4 5 6 7 8 9 10 11 12 13	Q. Do you know – was there a file at Highland kept anywhere with ink-signed originals of a promissory notes in general or these two promissory notes specifically? MR. MORRIS: Objection to the form of the question. A. Sorry, I just want to make sure I understand your question. Are you saying is there a file somewhere that has ink-signed originals of these two promissory notes? Q. Yes. A. I would – I would assume they're	Page 297
2 3 4 5 6 7 8 9 10 11 12 13 14	WATERHOUSE - 10-19-21 Because I'm not in every conversation. They're not in every conversation – meaning legal compliance – and I just want to make sure that – that everyone is in sync to, you know, to – to the extent possible. Q. So if we summarize, you don't specifically remember signing these two notes, but most likely it would have been that they would have presented – been presented to you physically on paper? MR. MORRIS: Objection to the form of the question.	2 3 4 5 6 7 8 9 10 11 12 13 14	Q. Do you know – was there a file at Highland kept anywhere with ink-signed originals of a promissory notes in general or these two promissory notes specifically? MR. MORRIS: Objection to the form of the question. A. Sorry, I just want to make sure I understand your question. Are you saying is there a file somewhere that has ink-signed originals of these two promissory notes? Q. Yes. A. I would – I would assume they're some place. I mean –	Page 297
2 3 4 5 6 7 8 9 10 11 12 13 14 15	WATERHOUSE - 10-19-21 Because I'm not in every conversation. They're not in every conversation – meaning legal compliance – and I just want to make sure that – that everyone is in sync to, you know, to – to the extent possible. Q. So if we summarize, you don't specifically remember signing these two notes, but most likely it would have been that they would have presented – been presented to you physically on paper? MR. MORRIS: Objection to the form of the question. A. They would – they would have been	2 3 4 5 6 7 8 9 10 11 12 13 14 15	Q. Do you know – was there a file at Highland kept anywhere with ink-signed originals of a promissory notes in general or these two promissory notes specifically? MR. MORRIS: Objection to the form of the question. A. Sorry, I just want to make sure I understand your question. Are you saying is there a file somewhere that has ink-signed originals of these two promissory notes? Q. Yes. A. I would – I would assume they're some place. I mean – Q. Well, was there a – was there a	Page 297
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	WATERHOUSE - 10-19-21 Because I'm not in every conversation. They're not in every conversation – meaning legal compliance – and I just want to make sure that – that everyone is in sync to, you know, to – to the extent possible. Q. So if we summarize, you don't specifically remember signing these two notes, but most likely it would have been that they would have presented – been presented to you physically on paper? MR. MORRIS: Objection to the form of the question. A. They would – they would have been presented physically on paper most likely or	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	Q. Do you know – was there a file at Highland kept anywhere with ink-signed originals of a promissory notes in general or these two promissory notes specifically? MR. MORRIS: Objection to the form of the question. A. Sorry, I just want to make sure I understand your question. Are you saying is there a file somewhere that has ink-signed originals of these two promissory notes? Q. Yes. A. I would – I would assume they're some place. I mean – Q. Well, was there a – was there a place where Highland generally kept originals	Page 297
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	WATERHOUSE - 10-19-21 Because I'm not in every conversation. They're not in every conversation – meaning legal compliance – and I just want to make sure that – that everyone is in sync to, you know, to – to the extent possible. Q. So if we summarize, you don't specifically remember signing these two notes, but most likely it would have been that they would have presented – been presented to you physically on paper? MR. MORRIS: Objection to the form of the question. A. They would – they would have been presented physically on paper most likely or someone would have left it. But, I mean,	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Q. Do you know – was there a file at Highland kept anywhere with ink-signed originals of a promissory notes in general or these two promissory notes specifically? MR. MORRIS: Objection to the form of the question. A. Sorry, I just want to make sure I understand your question. Are you saying is there a file somewhere that has ink-signed originals of these two promissory notes? Q. Yes. A. I would – I would assume they're some place. I mean – Q. Well, was there a – was there a place where Highland generally kept originals of promissory notes owed to it?	Page 297
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	WATERHOUSE - 10-19-21 Because I'm not in every conversation. They're not in every conversation – meaning legal compliance – and I just want to make sure that – that everyone is in sync to, you know, to – to the extent possible. Q. So if we summarize, you don't specifically remember signing these two notes, but most likely it would have been that they would have presented – been presented to you physically on paper? MR. MORRIS: Objection to the form of the question. A. They would – they would have been presented physically on paper most likely or someone would have left it. But, I mean, again, I don't – I don't recall.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. Do you know – was there a file at Highland kept anywhere with ink-signed originals of a promissory notes in general or these two promissory notes specifically? MR. MORRIS: Objection to the form of the question. A. Sorry, I just want to make sure I understand your question. Are you saying is there a file somewhere that has ink-signed originals of these two promissory notes? Q. Yes. A. I would – I would assume they're some place. I mean – Q. Well, was there a – was there a place where Highland generally kept originals of promissory notes owed to it? A. I wouldn't – no.	Page 297
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	WATERHOUSE - 10-19-21 Because I'm not in every conversation. They're not in every conversation – meaning legal compliance – and I just want to make sure that – that everyone is in sync to, you know, to – to the extent possible. Q. So if we summarize, you don't specifically remember signing these two notes, but most likely it would have been that they would have presented – been presented to you physically on paper? MR. MORRIS: Objection to the form of the question. A. They would – they would have been presented physically on paper most likely or someone would have left it. But, I mean, again, I don't – I don't recall. Q. I understand. Understand.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	Q. Do you know – was there a file at Highland kept anywhere with ink-signed originals of a promissory notes in general or these two promissory notes specifically? MR. MORRIS: Objection to the form of the question. A. Sorry, I just want to make sure I understand your question. Are you saying is there a file somewhere that has ink-signed originals of these two promissory notes? Q. Yes. A. I would – I would assume they're some place. I mean – Q. Well, was there a – was there a place where Highland generally kept originals of promissory notes owed to it? A. I wouldn't – no. MR. RUKAVINA: Mr. Nguyen, would you	Page 297
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	WATERHOUSE - 10-19-21 Because I'm not in every conversation. They're not in every conversation – meaning legal compliance – and I just want to make sure that – that everyone is in sync to, you know, to – to the extent possible. Q. So if we summarize, you don't specifically remember signing these two notes, but most likely it would have been that they would have presented – been presented to you physically on paper? MR. MORRIS: Objection to the form of the question. A. They would – they would have been presented physically on paper most likely or someone would have left it. But, I mean, again, I don't – I don't recall. Q. I understand. Understand. When you signed – when you signed	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Q. Do you know – was there a file at Highland kept anywhere with ink-signed originals of a promissory notes in general or these two promissory notes specifically? MR. MORRIS: Objection to the form of the question. A. Sorry, I just want to make sure I understand your question. Are you saying is there a file somewhere that has ink-signed originals of these two promissory notes? Q. Yes. A. I would – I would assume they're some place. I mean – Q. Well, was there a – was there a place where Highland generally kept originals of promissory notes owed to it? A. I wouldn't – no. MR. RUKAVINA: Mr. Nguyen, would you please pull up my A7, alpha 7.	Page 297
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	WATERHOUSE - 10-19-21 Because I'm not in every conversation. They're not in every conversation – meaning legal compliance – and I just want to make sure that – that everyone is in sync to, you know, to – to the extent possible. Q. So if we summarize, you don't specifically remember signing these two notes, but most likely it would have been that they would have presented – been presented to you physically on paper? MR. MORRIS: Objection to the form of the question. A. They would – they would have been presented physically on paper most likely or someone would have left it. But, I mean, again, I don't – I don't recall. Q. I understand. Understand. When you signed – when you signed documents, when you personally signed	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. Do you know – was there a file at Highland kept anywhere with ink-signed originals of a promissory notes in general or these two promissory notes specifically? MR. MORRIS: Objection to the form of the question. A. Sorry, I just want to make sure I understand your question. Are you saying is there a file somewhere that has ink-signed originals of these two promissory notes? Q. Yes. A. I would – I would assume they're some place. I mean – Q. Well, was there a – was there a place where Highland generally kept originals of promissory notes owed to it? A. I wouldn't – no. MR. RUKAVINA: Mr. Nguyen, would you please pull up my A7, alpha 7. Q. These are the two promissory notes,	Page 297
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	WATERHOUSE - 10-19-21 Because I'm not in every conversation. They're not in every conversation — meaning legal compliance — and I just want to make sure that — that everyone is in sync to, you know, to — to the extent possible. Q. So if we summarize, you don't specifically remember signing these two notes, but most likely it would have been that they would have presented — been presented to you physically on paper? MR. MORRIS: Objection to the form of the question. A. They would — they would have been presented physically on paper most likely or someone would have left it. But, I mean, again, I don't — I don't recall. Q. I understand. Understand. When you signed — when you signed documents, when you personally signed documents, did you typically use a ink pen or	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. Do you know – was there a file at Highland kept anywhere with ink-signed originals of a promissory notes in general or these two promissory notes specifically? MR. MORRIS: Objection to the form of the question. A. Sorry, I just want to make sure I understand your question. Are you saying is there a file somewhere that has ink-signed originals of these two promissory notes? Q. Yes. A. I would – I would assume they're some place. I mean – Q. Well, was there a – was there a place where Highland generally kept originals of promissory notes owed to it? A. I wouldn't – no. MR. RUKAVINA: Mr. Nguyen, would you please pull up my A7, alpha 7. Q. These are the two promissory notes, Mr. Waterhouse.	Page 297
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	WATERHOUSE - 10-19-21 Because I'm not in every conversation. They're not in every conversation — meaning legal compliance — and I just want to make sure that — that everyone is in sync to, you know, to — to the extent possible. Q. So if we summarize, you don't specifically remember signing these two notes, but most likely it would have been that they would have presented — been presented to you physically on paper? MR. MORRIS: Objection to the form of the question. A. They would — they would have been presented physically on paper most likely or someone would have left it. But, I mean, again, I don't — I don't recall. Q. I understand. Understand. When you signed — when you signed documents, when you personally signed documents, did you typically use a ink pen or did you use a stamp?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. Do you know – was there a file at Highland kept anywhere with ink-signed originals of a promissory notes in general or these two promissory notes specifically? MR. MORRIS: Objection to the form of the question. A. Sorry, I just want to make sure I understand your question. Are you saying is there a file somewhere that has ink-signed originals of these two promissory notes? Q. Yes. A. I would – I would assume they're some place. I mean – Q. Well, was there a – was there a place where Highland generally kept originals of promissory notes owed to it? A. I wouldn't – no. MR. RUKAVINA: Mr. Nguyen, would you please pull up my A7, alpha 7. Q. These are the two promissory notes, Mr. Waterhouse. (Exhibit A7 marked.)	Page 297
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	WATERHOUSE - 10-19-21 Because I'm not in every conversation. They're not in every conversation — meaning legal compliance — and I just want to make sure that — that everyone is in sync to, you know, to — to the extent possible. Q. So if we summarize, you don't specifically remember signing these two notes, but most likely it would have been that they would have presented — been presented to you physically on paper? MR. MORRIS: Objection to the form of the question. A. They would — they would have been presented physically on paper most likely or someone would have left it. But, I mean, again, I don't — I don't recall. Q. I understand. Understand. When you signed — when you signed documents, when you personally signed documents, did you typically use a ink pen or	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. Do you know – was there a file at Highland kept anywhere with ink-signed originals of a promissory notes in general or these two promissory notes specifically? MR. MORRIS: Objection to the form of the question. A. Sorry, I just want to make sure I understand your question. Are you saying is there a file somewhere that has ink-signed originals of these two promissory notes? Q. Yes. A. I would – I would assume they're some place. I mean – Q. Well, was there a – was there a place where Highland generally kept originals of promissory notes owed to it? A. I wouldn't – no. MR. RUKAVINA: Mr. Nguyen, would you please pull up my A7, alpha 7. Q. These are the two promissory notes, Mr. Waterhouse.	Page 297

WATERHOUSE - 10-19-21 1		Page 298			Page 299
3 year two signatures here and tell me whether you be leve, in fact, that you his signed them 4 you believe, in fact, that you his signed them 4 you believe, in fact, that you his signed them 5 or whether you — 5 or whether you — 6 MS, DANDENEAU. Mr. Rukawina, 6 from home and remotely for COVID because it 7 that made at almost prossable to, right, 8 provide wet signatures since we're all working 9 can take this down, Mr. Nguyen. 9 from home remotely. 10 Q. Well, going just for these two 11 are identical, now that I stare at them, and 1 11 promissory notes, Mr. Waterhouse, in light of 12 your inability to memmber any delatis, are you 13 derincal that, I mean, even with mry chicken 14 scratch signature, I don't know if I can — you 14 those notes? 15 MS, DANDENEAU. Objection to form. 15 MS, DANDENEAU. Objection to form. 16 A. I don't recal specifically 17 notes. 17 signing—a catally physically signing these 18 Q. Well, that is why I ask. 18 notes it seem like I its more likely that 20 but yet these two signatures are identical. 21 you actually electronically signed these? 21 Q. So you don't recall physically signing these 12 you actually signed these? 22 MS, MORRIS. Objection to the form 22 signing them, and I take I you don't recall a grant in saying. I don't have any of those records is 3 what Im saying. I don't have any of those records is 3 what Im saying. I don't have any of those records is 3 what Im saying. I don't have any of those 6 guestions in great defail because I don't have any of those 6 guestions in great defail because I don't have any of those 6 guestions in great defail because I don't have any of those 6 guestions in great defail because I don't have any of those 6 guestions in great defail because I don't have any of those 6 guestions in great defail because I don't have any of those 6 guestions in great defail because I don't have any of those 6 guestions in great defail because I don't have 9 may individual, other 14 hard. More form of the question. 19 MS,	1		1	WATERHOUSE - 10-19-21	rage 299
Source S	2	to, but I want you to take a very close look at	2	did have a an electronic signature, and that	
5 or Whether you — 5 MS. DANDENBAU.* Mr. Rukavina, 6 from home and remotely for COVID because it 7 that made it almost impossible to, fight, 8 MR. RUKAVINA.* Perfect. Then you can take this down, Mr. Nguyen, 10 A. These — these signatures 11 are identical, now that I star at them, and I 12 mean, they are so close — I mean, they're 13 identical that, I mean, even with my chicken 14 remainable, in the first own of the search of the control	3	your two signatures here and tell me whether	3	was used from time to time. It wasn't as	
MS_DANDENALY MR_Rukavina, 7 Mr. Waterhouse has the copies. 8 MR_Rukavina, Perfect. Then you a more and remotely for COVID because it 7. That made it almost impossible to, right, 9. That made it almost impossible to right, 9. That made it almost impossible to, right, 9. That made it almost i	4	you believe, in fact, that you ink signed them	4	common practice back in 2019. It definitely	
Mr. Waterhouse has the copies 7	5	or whether you –	5	was more common practice when we had to work	
MR RUKANNA Perfect. Then you 9 can take this down, Mr. Nguyen. 10 A These – these or these signatures 11 are identical, now that I stare at them, and I 12 mean, they are so dose – I mean, they're 13 identical that, I mean, even with my chicken 14 scratch signature, I don't know if I can – you 15 identical that, I mean, even with my chicken 16 as – as precisely as I see between the two 16 A Too I to	6	MS. DANDENEAU: Mr. Rukavina,	6	from home and remotely for COVID because it	
an take this down, Mr. Nguyen. 1 A. These – these – these signatures 11 are identical, now that I stare at them, and I 12 mean, they are so close – I mean, they re 13 identical that, I mean, even with my chicken 14 scratch signature, I don't know if I can – you 15 know, I do this 100 times, could I do that 16 as – as precisely as I see between the two 17 notes. 18 Q. Well, that is why I ask. 19 Mr. Waterhouse, now that you have examined 19 them, does it seem like it is more likely that 20 them, does it seem like it is more likely that 21 you actually electronically signed these? 22 MR. MCRRIS: Objection to from 23 of the question. 23 of the question. 24 A. Is – I don't recall 25 specifically. As I said before, my assistant 25 wou know, I don't have any of those 26 questions in great detail because I don't have 27 you know, I don't have any of those 28 questions in great detail because I don't have 29 you know, I don't have any of those 29 Q. That is why I'm asking you these 20 questions in great detail because I don't have 29 questions in great detail because I don't have 39 I can go look for more enails, but again, you 30 don't reemember any deal with whom you 31 discussed these promissory notes prior to their 32 discussion the remember any my individual, other 33 of the question. 34 A. I don't recall don't power and the we've discussed, you 45 don't remember any my individual, other 46 questions in great detail because I don't have 47 those emails. I'm bying to — I'm boping that 48 you will give me some names or some details so 49 I can go look for more emails, but again, you 40 don't remember any my individual with whom you 41 financial statements in front of the put II financial statements in front of th	7	Mr. Waterhouse has the copies.	7	that made it almost impossible to, right,	
10 A. These – these signatures 11 are identical, now that I stare at them, and I 12 mean, they are so close – I mean, they re 13 identical that, I mean, even with my chicken 14 scratch signature, I don't know lif I can – you 15 know, I do this 100 times, could I do that 16 as – as precisely as I see between the two 16 B. — as precisely as I see between the two 17 notes. 18 Q. Well, that is why I ask. 19 Mr. Waterhouse, now that you have examined 19 Mr. Waterhouse, now that you have examined 20 them, does it seem like it is more likely that 21 you actually electronically signed these? 22 MR. MORRIS: Objection to the form 23 signing – actually physically signing them either? 24 A. Is – I don't recall physically 25 specifically. As I said before, my assistant 26 specifically. As I said before, my assistant 27 WATERHOUSE – 10-19-21 28 you know, I don't have any of these records is 29 what I'm saying. I don't have any of these records is 30 what I'm saying. I don't have any of these records is 40 what I'm saying. I don't have any of these records is 51 WATERHOUSE – 10-19-21 52 you know, I don't have any of these records is 53 what I'm saying. I don't have any of those 54 records. 55 Q. That is why I'm asking you these 56 county life years and the say of those records is 57 Q. That is why I'm asking you these 58 diversionally signing them entire? 59 Land pook for more emails, but again, you 60 county life years and the say of those records is 61 cuestions in great defail because I don't have 62 sorty. 63 I was a from what I recall, and 64 records. 65 you don't remember any – any individual, other 66 sorty. 67 Londer than twe've discussed, you 68 Justine for more emails, but again, you 69 Londer Accessed the say of you have 69 Londer Accessed the say of you have 69 Londer because I don't have 60 Justine say of you have but again, you 61 Londer stand. 62 Justine say of you have but again, you 63 discussed these promissory notes prior to their 64 Ray (Carly I) you with Mr. Don'te cold that his 65 MR. MCRRIS: Objection t	8	MR. RUKAVINA: Perfect. Then you	8	provide wet signatures since we're all working	
11 are identical, now that I stare at them, and I 12 mean, they are so close – I mean, they/re 13 sure you actually signed either or both of 14 soratch signature, I don't know if I can – you 14 those notes? 15 know, I do this 100 times, could I do that 16 as – as precisely as I see between the two 16 as – as precisely as I see between the two 17 notes. 17 notes. 18 Q. Well, that is why I ask. 19 Mr. Waterhouse, now that you have examined 20 them, does it seem like it is more likely that 21 you actually electronically signed these? 22 MR. MORRIS: Objection to the form 23 of the question. 23 of the question. 24 A Is – I don't – I don't recall 25 specifically. As I said before, my assistant 25 you will, and that it is a seem show the search of the question of the question of the question of the question of the properties of the pro	9	can take this down, Mr. Nguyen.	9	from home remotely.	
12 mean, they are so close – I mean, they/re 13 identical that I, Imean, even with my chicken 14 is sratch signature, I don't know, if can – you 15 know, I do this 100 times, could I do that 16 as – as precisely as I see between the two 16 as – as precisely as I see between the two 17 notes. 18 Q. Well, that is why I ask. 19 Mr. Waterhouse, now that you have examined 19 them, does it seem like it is more likely that 20 but yet these two signatures are identical. 21 you actually electronically signed these? 21 Q. So you don't recall doing 22 MR. MORRIS: Objection to the form 23 electronically signing them either? 24 A. Is – I don't recall 25 specifically. As I said before, my assistant 25 you know, I don't have any of these records is 26 what I'm saying, I don't have any of these records is 37 what I'm saying, I don't have any of those 48 records. 40 That is why I'm asking you these 40 Lord them we some names or some details so 41 lord tremember any early individual with whom you 42 guestions in great detail because I don't have 41 you will give me some names or some details so 42 load of the member any early individual with whom you 43 don't remember any early individual with whom you 44 records. 45 MR. MORRIS: Objection to the form 46 guestions in great detail because I don't have 47 brose emails. Tru trying to – I'm hoping that 48 you will give me some names or some details so 49 load you loke for more emails, but again, you 40 don't remember any early individual with whom you 41 than Mr. Dondero that we've discussed, you 41 the reason with Mr. Dondero that we've discussed, you 42 don't remember any individual other 43 discussed these promissory notes prior to their 44 execution? 55 Q. In fact, you will recall that in 66 offite question. 67 (A. Yeah. I mean, again, I don't have 68 you'd have the details that in 69 (The question). 70 Q. Okay. 80 (Record read.) 81 details details decorded and document 81 than Mr. Dondero that we've discussed, you 81 details decorded the demand feature of two prior 82 deprive th	10	A. These – these – these signatures	10	Q. Well, going just for these two	
identical that, I mean, even with my chicken 4 stractch signature, I don't know if I can – you 14 those notes? 15 know, I do bits 100 times, could I do that 16 as – as precisely as I see between the two 17 notes. 18 Q. Well, that is why I ask. 18 notes. As I said before, I don't recall doing 19 Mr. Waterhouse, now that you have examined 19 that. This – this looks like my signature, 20 them, does it seem like it is more likely that 20 them, does it seem like it is more likely that 21 you actually physically signing these 22 MR. MORRIS: Objection to the form 23 of the question. 23 of the question. 24 A. I – I don't – I don't recall 25 specifically. As I said before, my assistant 26 was all my emails. If that occurred, you know, 27 I WATERHOUSE – 10-19-21 28 you know, I don't have any of those records is 39 what I'm saying. I don't have any of those 4 records. 4 records. 5 Q. That is why I'm asking you these 6 questions in great detail because I don't have 7 those emails. Firm trying to – I'm hoping that 8 you will give me some names or some details so 9 I can go look for more emails, but again, you 10 don't remember any – any individual, other 11 than Mr. Dondero that we've discussed, you 12 don't remember any – any individual with whom you 13 discussed these promissory notes prior to their 14 than Mr. Dondero that we've discussed, you 15 off the question. 16 A Page 301 17 A. I don't recall biscussing it with 18 off the question. 19 A Year, I mean, again, I don't have 19 A man, prior – 20 A I man, prior – 21 Q. Ckay, 22 I mean to say to May 31, 2019. Do you recall that? 23 MR. RURANINA: And I did misspeak. 24 Page 301 25 Marrier and the missing you in the seed of the prior prior than the prior prior prior than than the prior prior prior than than the prior	11	are identical, now that I stare at them, and I	11	promissory notes, Mr. Waterhouse, in light of	
14 those notes? 15 kmw, I do this 100 times, could I do that 15 kmw, I do this 100 times, could I do that 16 as – as precisely as I see between the two 17 notes. 18 Q. Well, that is why I ask. 19 Mr. Waterhouse, now that you have examined 19 that. This – this looks like my signature, 19 that. This – this looks like my signature, 19 that. This – this looks like my signature, 19 that. This – this looks like my signature, 19 that. This – this looks like my signature, 19 that. This – this looks like my signature, 19 that. This – this looks like my signature, 19 that. This – this looks like my signature, 19 that. This – this looks like my signature, 19 that. This – this looks like my signature, 19 to up actually lethorically signed these? 20 but yet these two signatures are identical. 21 you actually lethorically signed these? 22 mR MORRIS: Objection to the form 23 of the question. 23 electronically signing them either? 24 A. Is – I don't – I don't recall 25 specifically. As I said before, my assistant 26 has all mry emails. If that occurred, you know, 27 work now, I don't have any of those records is 28 what I'm saying. I don't have any of those 29 you know, I don't have any of those records is 30 what I'm saying. I don't have any of those 41 records. 42 the reason why I was by myself is – is, you 43 the reason why I was by myself is – is, you 44 the reason why I was by myself is – is, you 45 you will give me some names or some details so 46 questions in great detail because I don't have 47 those emails. I'm thing to – I'm hoping that 48 you will give me some names or some details so 49 I can go look for more emails, but again, you 40 don't remember any – any individual, other 41 than Mr. Dondero that we've discussed, you 41 thing and the second of the second of the promisory notes prior to their 41 than Mr. Dondero that we've discussed, you 41 thing and the second of the promisory notes prior to their 42 execution? 43 MR. MORRIS: Objection to the form 44 the case. 45 Q. Okay. 46 I mean, prior – 47 Q. Okay. 47 I me	12	mean, they are so close – I mean, they're	12	your inability to remember any details, are you	
15 know, I do this 100 times, could I do that 16 as – as precisely as I see between the two 17 notes. 18 Q. Well, that is why I ask. 19 Mr. Waterhouse, now that you have examined 19 Mr. Waterhouse, now that you have examined 20 them, does it seem like It is more likely that 21 you actually electronically signed these? 22 MR. MORRIS: Objection to the form 23 of the question. 24 A. Is – I don't – I don't recall 25 specifically. As I said before, my assistant 26 you know, I don't have any of these records is 27 you know, I don't have any of these records is 28 what I'm saying. I don't have any of these records is 39 what I'm saying. I don't have any of these records is 40 you will give me some names or some details so 40 you will give me some names or some details so 41 the reason why I was by myseff is – is, you 42 don't remember any – any individual with whom you 43 don't remember any – any individual with whom you 44 the case. 45 wescution? 46 you will give me some names or some be fails so 46 question. 47 Q. Okay. 48 May of 2019, in your view, the liabilities of 49 I can go look for more emalls, but again, you 40 don't remember any – any individual with whom you 41 thisn Mr. Dondero that we've discussed, you 41 thisn Mr. Dondero that we've discussed, you 42 don't remember any pomission notes prior to their 43 descussed these promissiony notes prior to their 44 execution? 45 Q. Okay. 46 I fire call, we'd have to go through the 47 expected the demand feature of two prior 48 notes to May 31, 2019. Do you recall that? 49 Q. Okay. 40 I mean, prior – 40 Q. I maen, prior – 41 Q. I understand. 40 MR. PRICK-VINA And I did misspeak. 41 MR. PRICK-VINA And I did misspeak. 42 Q. I meant to say to May 31, 2021. Do	13	identical that, I mean, even with my chicken	13	sure you actually signed either or both of	
16 as – as precisely as I see between the two 17 notes. 18 Q. Well, that is why I ask. 18 notes. As I said before, I don't recall oring 19 Mr. Waterhouse, now that you have examined 19 that. This – this looks like my signature, 20 them, does it seem like it is more likely that 21 you actually electronically signed these? 22 MR. MORRIS: Objection to the form 23 of the question. 23 of the question. 24 A. Is – I don't – I don't recall 25 specifically. As I said before, my assistant 26 specifically. As I said before, my assistant 27 you know, I don't have any of these records is 28 what I'm saying. I don't have any of those 29 you know, I don't have any of those 29 you know, I don't have any of those 29 what I'm saying. I don't have any of those 29 those emails. I'm trying to – I'm hoping that 29 you will give me some names or some details so 30 l'ango look for more emails, but again, you 40 don't remember any – any individual, other 41 than Mr. Dondero that we'de discussed, you 41 don't recall discussing it with 42 execution? 43 description. 44 for a see promissory notes prior to their 45 execution? 46 page 300 47 don't recall discussing it with 48 you will give me some names or some details so 49 l'ang polock for more emails, but again, you 40 don't remember any – any individual, other 41 than Mr. Dondero that we've discussed, you 41 financial statements in front of me, but I 41 don't recall with Mr. Dondero to giped a document 41 don't remember any – any individual with whom you 41 financial statements in front of me, but I 41 than Mr. Dondero that we've discussed, you 42 finan Mr. Dondero that we've discussed, you 43 discussed these promissory notes prior to their 44 execution? 45 leach of the question. 46 page 300 47 financial statements in front of me, but I 48 page 301 49 in fact you will recall that the sease. 40 linear, prior – 41 linear Again Linear line	14	scratch signature, I don't know if I can - you	14	those notes?	
17 notes. 17 signing – actually physically signing these 18 Q. Well, that is why I ask. 18 in notes. As I said before, I don't recall doing 19 Mr. Waterhouse, now that you have examined 19 that. This – This looks like my signature, but you don't recall physically electronically signed these? 21 Q. So you don't recall physically 22 mR. MORRIS: Objection to the form 22 signing them, and I take it you don't recall 32 electronically signing them either? 24 A. I don't recall 32 electronically signing them either? 25 electronically signing them either? 26 A. Is – I don't – I don't recall 27 you know, Highland 28 specifically. As I said before, my assistant 26 has all my emails. If that occurred, you know, 19 may expense of the said my emails. If that occurred, you know, 19 may expense of the said my emails. If that occurred, you know, 19 may expense of the said my emails. If that occurred, you know, 19 may emails. If the occur	15	know, I do this 100 times, could I do that	15	MS. DANDENEAU: Objection to form.	
18 OQ. Well, that is why I ask. 18 notes. As I said before, I don't recall doing 19 Mr. Waterhouse, now that you have examined 20 them, does it seem like it is more likely that 21 you actually electronically signed these? 22 MR. MORRIS: Objection to the form 23 of the question. 24 A. Is – I don't recall don't exall physically 25 specifically. As I said before, my assistant 26 you know, I don't have any of these records is 3 what I'm saying. I don't have any of these records is 3 what I'm saying. I don't have any of these ecords is 4 the reason why I was by myself is – is, you 5 Q. That is why I'm asking you these 6 questions in great detail because I don't have 7 those emails. I'm thying to – I'm hoping that 8 you will give me some names or some details so 9 I can go look for more emails, but again, you 10 don't remember any individual, other 11 than Mr. Dondero that we've discussed, you 12 don't remember any individual with whom you 13 discussed these promissory notes prior to their 14 an Mr. Dondero that we've discussed, you 15 A. I don't recall discussing it with 16 of the question. 17 A. I don't recall discussing it with 18 anybody else. 19 Q. Okay. 20 A. I mean, prior – 21 Q. I understand. 22 A. You know, there was no one else – 23 ithere was no one else in that meeting that I 24 R. Ton't recall discussing that II was not be form 25 G. That is why I'm asking you these 26 Questions in great detail because I don't have 27 Those emails. I'm thying to – I'm hoping that 28 You will give me some names or some details so 39 HCMFA exceeded its assets, cornect? 40 Londerstand. 41 Yeah. I mean, again, I don't have 41 then Arr. Dondero that we've discussed, you 41 financial statements in front of me, but I 41 than Mr. Dondero that we've discussed, you 42 think, if I recall, You will recall that in 43 discussed these promissory notes prior to their 44 execution? 45 Langen, prior – 46 Q. I mean, prior – 47 Q. I noterstand. 48 You know, there was no one else – 49 Q. Oka	16	as – as precisely as I see between the two	16	A. I don't recall specifically	
19 Mr. Waterhouse, now that you have examined 20 them, does it seem like it is more likely that 21 you actually electronically signed these? 22 MR. MORRIS: Objection to the form 23 of the question. 24 A Is – I don't recall 25 specifically. As I said before, my assistant 26 has all my emails. If that occurred, you know, Highland 27 specifically. As I said before, my assistant 28 A Is – I don't have any of these records is 29 you know, I don't have any of those records is 30 what I'm saying. I don't have any of those 40 records. 41 the reason why I was by myself is – is, you 42 for your will give me some names or some details so 43 lean glook for more emails, but again, you 44 to don't remember any – any individual, other 45 you will give me some names or some details so 46 lean glook for more emails, but again, you 47 don't remember any – any individual, other 48 you will give me some names or some details so 49 I can go look for more emails, but again, you 40 don't remember any – any individual, other 41 than Mr. Dondero that we've discussed, you 41 the reason will recall, with him on you 42 don't remember any individual with whom you 43 discussed these promissory notes prior to their 44 the case, 55 Q. Okay. 56 Q. Okay. 57 Q. Okay. 58 MR. MORRIS: Objection to the form 59 Q. Okay. 50 Q. Okay. 50 Q. Okay. 51 MR. MORRIS: Objection to the form 51 A I don't recall discussing it with 52 Q. I nact, you will recall that in 53 anybody else. 58 MR. RUKAVINA: And I did misspeak. 59 Q. Understand. 50 Q. I meant to say to May 31, 2021. Do	17	notes.	17	signing – actually physically signing these	
them, does it seem like it is more likely that 21 you actually electronically signed these? 22 M. MORRIS: Objection to the form 23 of the question. 24 A. Is – I don't – I don't recall 25 specifically. As I said before, my assistant 26 you know, I don't have any of these records is 27 you know, I don't have any of these records is 28 what I'm saying, I don't have any of those 29 Q. That is why I'm asking you these 20 questions in great detail because I don't have 21 those emails. I'm trying to – I'm hoping that 22 you know names or some details so 39 I can go look for more emails, but again, you 40 don't remember any individual, other 41 than Mr. Dondero that we've discussed, you 51 don't remember any individual with whom you 52 don't remember any individual with whom you 53 discussed these promissory notes prior to their 64 questions. 65 Q. In fact, you will recall that in 66 questions. 76 Q. Okay. 77 Q. Okay. We have established that by 78 May of 2019, in your view, the liabilities of 89 I can go look for more emails, but again, you 90 HCMFA exceeded its assets; correct? 91 Condrivemember any individual, other 91 than Mr. Dondero that we've discussed, you 91 think, if I recall, we'd have to go through the 92 discussed these promissory notes prior to their 93 anybody else. 94 A. I don't recall discussing it with 95 Q. In fact, you will recall that in 96 of the question. 96 Question. 97 A. I don't recall discussing it with 98 A. Jon't recall discussing it with 99 Q. Okay. 90 A. I mean, prior — 90 Q. Okay. 91 MR. DETISCH-PEREZ: I think you 92 A. I mean, prior — 90 Q. Okay. 93 MR. RUKAVINA: And I did misspeak. 94 Q. I meant to say to May 31, 2021. Do	18	Q. Well, that is why I ask.	18	notes. As I said before, I don't recall doing	
21 you actually electronically signed these? 22 MR. MORRIS: Objection to the form 23 of the question. 24 A Is – I don't – I don't recall 25 specifically. As I said before, my assistant 26 you know, I don't have any of these records is 27 what I'm saying. I don't have any of those 28 questions in great detail because I don't have 29 questions in great detail because I don't have 29 those emails. I'm trying to – I'm hoping that 29 you know lightly me some names or some details so 20 learn go look for more emails, but again, you 20 don't remember any - any individual, other 21 than Mr. Dondero that we've discussed, you 21 think, if I recall, we'd have to go through the 22 that execution? 23 MR. MORRIS: Objection to the form 24 for the question. 25 lookay. 26 A I mean, prior – 27 Q. Okay. 27 Q. Okay. 28 May 31, 2021. Do 29 May 31, 2021. Do 20 might – maybe have the court reporter read that the was no one else – 29 there was no one else in that meeting that I recall with Mr. Dondero.	19	Mr. Waterhouse, now that you have examined	19	that. This - this looks like my signature,	
22 signing them, and I take it you don't recall 23 of the question. 24 A. Is – I don't – I don't recall 25 specifically. As I said before, my assistant 26 specifically. As I said before, my assistant 27 page 300 1 WATERHOUSE – 10-19-21 2 you know, I don't have any of these records is 3 what I'm saying. I don't have any of those 4 records. 5 Q. That is why I'm asking you these 6 questions in great detail because I don't have 7 those emails. I'm trying to – I'm hoping that 8 you will give me some names or some details so 9 Loan go look for more emails, but again, you 1 don't remember any – any individual, other 1 than Mr. Dondero that we've discussed, you 11 financial statements in front of me, but I 12 don't remember any individual with whom you 13 discussed these promissory notes prior to their 14 execution? 15 MR. MORRIS: Objection to the form 16 of the question. 16 April of 2019, Mr. Dondero signed a document 17 A. I don't recall discussing it with 18 anybody else. 19 Q. Okay. 19 MS. DEITSCH-PEREZ: I think you 19 Inequal to May 31, 2021. Do 19 Inequal to May 31, 2021. Do 19 Inequal to May 31, 2021. Do 10 Inequal to May 31, 2021. Do 10 Inequal to May 31, 2021. Do 10 Inequal to May 31, 2021. Do	20	them, does it seem like it is more likely that	20	but yet these two signatures are identical.	
23 efectronically signing them either? 24 A. I don't recall. You know, Highland 25 specifically. As I said before, my assistant 26 specifically. As I said before, my assistant 27 wATERHOUSE - 10-19-21 28 you know, I don't have any of these records is 39 what I'm saying. I don't have any of those 40 records. 41 the reason why I was by myself is – is, you 41 footh and the some names or some details so 41 the reason why I was by myself is – is, you 42 footh for more emails. I'm trying to – I'm hoping that 43 you will give me some names or some details so 44 loon't remember any – any individual, other 45 don't remember any – any individual, other 46 don't remember any – any individual, other 47 than Mr. Dondero that we've discussed, you 48 don't remember any individual with whom you 49 think, if I recall, we'd have to go through the 40 execution? 40 will give me somon some or to their 41 decase. 41 the case. 42 execution? 43 discussed these promissory notes prior to their 44 execution? 45 MR. MORRIS: Objection to the form 46 April of 2019, Mr. Dondero signed a document 47 A. I don't recall discussing it with 48 any of 2019, Mr. Dondero signed a document 49 execution? 40 A Preah. I mean, again, I don't have 40 A I mean, prior – 41 that extended the demand feature of two prior 41 that extended the demand feature of two prior 41 any of 2019, Mr. Dondero signed a document 40 A Prior 2019, Mr. Dondero signed a document 41 A I don't recall discussing it with 41 motes to May 31, 2019. Do you recall that? 42 Q. I meant to say to May 31, 2019. Do you recall that? 42 A. You know, there was no one else – 43 there was no one else in that meeting that I 44 execuli with Mr. Pondero. 45 MR. RUKAVINA: And I did misspeak. 46 Record read. 47 Q. I meant to say to May 31, 2021. Do	21	you actually electronically signed these?	21	Q. So you don't recall physically	
24 A. Idon't recall. You know, Highland 25 specifically. As I said before, my assistant Page 300 WATERHOUSE - 10-19-21 you know, I don't have any of these records is what I'm saying. I don't have any of those 4 the reason why I was by myself is – is, you 5 Q. That is why I'm asking you these questions in great detail because I don't have 7 Q. Okay. We have established that by 8 you will give me some names or some details so 9 I can go look for more emails, but again, you 10 don't remember any – any individual, other 11 than Mr. Dondero that we've discussed, you 21 discussed these promissory notes prior to their 22 may of 2019. 3 A. And – and from what I recall, and 4 the reason why I was by myself is – is, you 5 know, I don't – I don't want to speculate, I'm 8 ovor, I don't – I don't want to speculate, I'm 9 our will give me some names or some details so 9 I can go look for more emails, but again, you 10 don't remember any – any individual, other 11 than Mr. Dondero that we've discussed, you 12 don't remember any individual with whom you 13 discussed these promissory notes prior to their 14 the case. 15 MR. MORRIS: Objection to the form 16 of the question. 16 A I don't recall discussing it with 17 A. I don't recall discussing it with 18 anybody else. 19 Q. Okay. 20 A. I mean, prior – 21 Q. I understand. 21 that back. You might have misspoke. 22 (Record read.) 3 A. And – and from what I recall, and 4 the reason why I was by myself is – is, you 5 know, I don't - I don't want to speculate, I'm 9 G. Okay. 19 MS. DEITSCH-PEREZ: I think you 10 in fact, you will recall that in 10 in fact, you will we will recall t	22	MR. MORRIS: Objection to the form	22	signing them, and I take it you don't recall	
25 specifically. As I said before, my assistant 25 has all my emails. If that occurred, you know, Page 301 WATERHOUSE - 10-19-21 2 you know, I don't have any of those records is 3 what I'm saying. I don't have any of those 4 records. 4 the reason why I was by myself is – is, you 5 Q. That is why I'm asking you these 6 questions in great detail because I don't have 7 those emails. I'm trying to – I'm hoping that 8 you will give me some names or some details so 9 I can go look for more emails, but again, you 0 don't remember any – any individual, other 11 than Mr. Dondero that we've discussed, you 12 don't remember any individual with whom you 13 discussed these promissory notes prior to their 14 execution? 15 MR. MORRIS: Objection to the form 16 of the question. 17 A. I don't recall discussing it with 18 my mails. If that occurred, you know, 19 I can go look for more emails. In the form 10 financial statements in front of me, but I 10 than Mr. Dondero that we've discussed, you 11 financial statements in front of me, but I 12 don't remember any individual with whom you 12 think, if I recall, we'd have to go through the 13 discussed these promissory notes prior to their 14 the case. 15 Q. In fact, you will recall that in 16 of the question. 16 April of 2019, Mr. Dondero signed a document 17 A. I don't recall discussing it with 17 that extended the demand feature of two prior 18 anybody else. 19 Q. Okay. 19 MS. DEITSCH-PEREZ: I think you 20 A. I mean, prior – 21 Q. I understand. 21 that back. You might have misspoke. 22 (Record read.) 23 there was no one else in that meeting that I 23 MR. RUKAVINA: And I did misspeak. 24 recall with Mr. Dondero.	23	of the question.	23	electronically signing them either?	
Page 300 WATERHOUSE - 10-19-21 1 WATERHOUSE - 10-19-21 2 you know, I don't have any of these records is 3 what I'm saying. I don't have any of these records is 4 the reason why I was by myself is – is, you 4 the reason why I was by myself is – is, you 5 know, I don't – I don't want to speculate, I'm 6 questions in great detail because I don't have 6 sorry. 4 the reason why I was by myself is – is, you 1 those emails. I'm trying to – I'm hoping that 6 sorry. 5 know, I don't – I don't want to speculate, I'm 7 Q. Okay. We have established that by 8 you will give me some names or some details so 9 I can go look for more emails, but again, you 9 HCMFA exceeded its assets; correct? 10 don't remember any – any individual, other 10 A. Yeah. I mean, again, I don't have 11 than Mr. Dondero that we've discussed, you 11 financial statements in front of me, but I 12 don't remember any individual with whom you 12 think, if I recall, we'd have to go through the 13 discussed these promissory notes prior to their 13 testimony with Mr. Morris, I believe that was 14 execution? 14 the case. 16 April of 2019, Mr. Dondero signed a document 16 April of 2019, Mr. Dondero signed a document 17 A. I don't recall discussing it with 17 that extended the demand feature of two prior 18 anybody else. 18 notes to May 31, 2019. Do you recall that? 19 Q. Okay. 19 Ms. DEITSCH-PEREZ: I think you 19 might — maybe have the court reporter read 19 that back. You might — maybe have the court reporter read 19 that back. You might have misspoke. 22 (Record read.) 19 MR. RUKAVINA: And I did misspeak. 24 there was no one else in that meeting that I 23 MR. RUKAVINA: And I did misspeak. 24 recall with Mr. Dondero. 24 Q. I meant to say to May 31, 2021. Do	24	A. Is - I don't - I don't recall	24	A. I don't recall. You know, Highland	
1 WATERHOUSE - 10-19-21 2 you know, I don't have any of these records is 3 what I'm saying. I don't have any of those 4 the reason why I was by myself is – is, you 5 Q. That is why I'm asking you these 6 questions in great detail because I don't have 7 those emails. I'm trying to – I'm hoping that 8 you will give me some names or some details so 9 I can go look for more emails, but again, you 10 don't remember any – any individual, other 11 than Mr. Dondero that we've discussed, you 12 don't remember any individual with whom you 13 discussed these promissory notes prior to their 14 the case. 15 MR. MORRIS: Objection to the form 16 of the question. 17 A. I don't recall discussing it with 18 notes to May 31, 2019. Do you recall that? 19 Q. Okay. 20 A. I mean, prior – 21 that back. You might have misspoke. 21 that was no one else in that meeting that I 22 May of 2019. — 23 May of 2019. — 24 A. I mean, and indivit want to speculate, I'm 25 Mow, I don't - I don't want to speculate, I'm 26 sorry. 27 C. Okay. We have established that by 28 way of 2019, in your view, the liabilities of 39 I can go look for more emails, but again, you 39 HCMFA exceeded its assets; correct? 30 don't remember any – any individual, other 30 A. Yeah. I mean, again, I don't have 31 than Mr. Dondero that we've discussed, you 31 think, if I recall, we'd have to go through the 32 think, if I recall, we'd have to go through the 33 think, if I recall mean again, I don't have 34 the case. 35 MR. MORRIS: Objection to the form 36 A. I don't recall discussing it with 37 That extended the demand feature of two prior 38 anybody else. 39 In fact, you will recall that in 40 A. I don't recall discussing it with 41 that extended the demand feature of two prior 42 MS. DEITSCH-PEREZ: I think you 43 MS. DEITSCH-PEREZ: I think you 44 that back. You might have misspoke. 45 MR. RUKAVINA: And I did misspeak. 46 Record read.) 47 Uneant to say to May 31, 2021. Do	25	specifically. As I said before, my assistant	25	has all my emails. If that occurred, you know,	
1 WATERHOUSE - 10-19-21 2 you know, I don't have any of these records is 3 what I'm saying. I don't have any of those 4 the reason why I was by myself is – is, you 5 Q. That is why I'm asking you these 6 questions in great detail because I don't have 7 those emails. I'm trying to – I'm hoping that 8 you will give me some names or some details so 9 I can go look for more emails, but again, you 10 don't remember any – any individual, other 11 than Mr. Dondero that we've discussed, you 12 don't remember any individual with whom you 13 discussed these promissory notes prior to their 14 the case. 15 MR. MORRIS: Objection to the form 16 of the question. 17 A. I don't recall discussing it with 18 notes to May 31, 2019. Do you recall that? 19 Q. Okay. 20 A. I mean, prior – 21 that back. You might have misspoke. 21 that was no one else in that meeting that I 22 May of 2019. — 23 May of 2019. — 24 A. I mean, and indivit want to speculate, I'm 25 Mow, I don't - I don't want to speculate, I'm 26 sorry. 27 C. Okay. We have established that by 28 way of 2019, in your view, the liabilities of 39 I can go look for more emails, but again, you 39 HCMFA exceeded its assets; correct? 30 don't remember any – any individual, other 30 A. Yeah. I mean, again, I don't have 31 than Mr. Dondero that we've discussed, you 31 think, if I recall, we'd have to go through the 32 think, if I recall, we'd have to go through the 33 think, if I recall mean again, I don't have 34 the case. 35 MR. MORRIS: Objection to the form 36 A. I don't recall discussing it with 37 That extended the demand feature of two prior 38 anybody else. 39 In fact, you will recall that in 40 A. I don't recall discussing it with 41 that extended the demand feature of two prior 42 MS. DEITSCH-PEREZ: I think you 43 MS. DEITSCH-PEREZ: I think you 44 that back. You might have misspoke. 45 MR. RUKAVINA: And I did misspeak. 46 Record read.) 47 Uneant to say to May 31, 2021. Do	\vdash	Page 300			Page 301
3 what I'm saying. I don't have any of those 4 records. 4 the reason why I was by myself is – is, you 5 Q. That is why I'm asking you these 6 questions in great detail because I don't have 7 questions in great detail because I don't have 8 you will give me some names or some details so 9 I can go look for more emails, but again, you 10 don't remember any – any individual, other 11 than Mr. Dondero that we've discussed, you 11 financial statements in front of me, but I 12 don't remember any individual with whom you 13 discussed these promissory notes prior to their 14 the case. 15 MR. MORRIS: Objection to the form 16 of the question. 17 A. I don't recall discussing it with 18 anybody else. 19 Q. Okay. 19 MS. DEITSCH-PEREZ: I think you 20 A. I mean, prior – 21 questions, and in the meeting that I 21 questions, and in the meeting that I 22 MR. RUKAVINA: And I did misspeak. 24 recall with Mr. Dondero. 24 Q. I meant to say to May 31, 2021. Do	1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	· ·
4 the reason why I was by myself is – is, you 5 Q. That is why I'm asking you these 6 questions in great detail because I don't have 7 those emails. I'm trying to – I'm hoping that 8 you will give me some names or some details so 9 I can go look for more emails, but again, you 10 don't remember any – any individual, other 11 than Mr. Dondero that we've discussed, you 11 financial statements in front of me, but I 12 don't remember any individual with whom you 13 discussed these promissory notes prior to their 14 the case. 15 MR. MORRIS: Objection to the form 16 of the question. 17 A. I don't recall discussing it with 18 anybody else. 19 Q. Okay. 19 HCMFA exceeded its assets; correct? 10 than Mr. Dondero that we've discussed, you 11 financial statements in front of me, but I 12 think, if I recall, we'd have to go through the 13 discussed these promissory notes prior to their 14 the case. 15 MR. MORRIS: Objection to the form 16 April of 2019, Mr. Dondero signed a document 17 A. I don't recall discussing it with 17 that extended the demand feature of two prior 18 anybody else. 19 Q. Okay. 19 MS. DEITSCH-PEREZ: I think you 19 MS. DEITSCH-PEREZ: I think you 19 might – maybe have the court reporter read 19 Q. I understand. 20 I understand. 21 that back. You might have misspoke. 22 A. You know, there was no one else – 23 there was no one else in that meeting that I 24 recall with Mr. Dondero. 24 Q. I meant to say to May 31, 2021. Do	2	you know, I don't have any of these records is	2	May of 2019 –	
5 Q. That is why I'm asking you these 6 questions in great detail because I don't have 7 those emails. I'm trying to – I'm hoping that 8 you will give me some names or some details so 9 I can go look for more emails, but again, you 10 don't remember any – any individual, other 11 than Mr. Dondero that we've discussed, you 12 don't remember any individual with whom you 13 discussed these promissory notes prior to their 14 execution? 15 MR. MORRIS: Objection to the form 16 of the question. 17 A. I don't recall discussing it with 18 anybody else. 19 Q. Okay. 19 MS. DEITSCH-PEREZ: I think you 20 A. I mean, prior – 21 Qu. I understand. 21 there was no one else in that meeting that I 22 Q. I meant to say to May 31, 2021. Do 24 Q. I meant to say to May 31, 2021. Do	3	what I'm saying. I don't have any of those	3	•	
6 questions in great detail because I don't have 7 those emails. I'm trying to – I'm hoping that 8 you will give me some names or some details so 9 I can go look for more emails, but again, you 9 HCMFA exceeded its assets; correct? 10 don't remember any – any individual, other 11 than Mr. Dondero that we've discussed, you 12 don't remember any individual with whom you 13 discussed these promissory notes prior to their 14 execution? 15 MR. MORRIS: Objection to the form 16 of the question. 17 A. I don't recall discussing it with 18 anybody else. 19 Q. Okay. 19 MS. DEITSCH-PEREZ: I think you 20 A. I mean, prior – 20 might – maybe have the court reporter read 21 Q. I understand. 22 (Record read.) 23 MR. RUKAVINA: And I did misspeak. 24 recall with Mr. Dondero.	4	records.	4		
7 those emails. I'm trying to – I'm hoping that 8 you will give me some names or some details so 9 I can go look for more emails, but again, you 10 don't remember any – any individual, other 11 than Mr. Dondero that we've discussed, you 11 financial statements in front of me, but I 12 don't remember any individual with whom you 13 discussed these promissory notes prior to their 14 execution? 15 MR. MORRIS: Objection to the form 16 of the question. 17 A. I don't recall discussing it with 18 A I don't recall discussing it with 19 Q. Okay. 19 MS. DEITSCH-PEREZ: I think you 20 A. I mean, prior – 20 might – maybe have the court reporter read 21 Q. I understand. 22 A. You know, there was no one else – 23 there was no one else in that meeting that I 24 recall with Mr. Dondero. 27 Q. I meant to say to May 31, 2021. Do	5	Q. That is why I'm asking you these	5	know, I don't - I don't want to speculate, I'm	
8 you will give me some names or some details so 9 I can go look for more emails, but again, you 9 HCMFA exceeded its assets; correct? 10 don't remember any – any individual, other 11 than Mr. Dondero that we've discussed, you 12 don't remember any individual with whom you 13 discussed these promissory notes prior to their 14 execution? 15 MR. MORRIS: Objection to the form 16 of the question. 17 A. I don't recall discussing it with 18 anybody else. 19 Q. Okay. 19 MS. DEITSCH-PEREZ: I think you 20 A. I mean, prior – 20 might – maybe have the court reporter read 21 Q. I understand. 22 A. You know, there was no one else – 23 there was no one else in that meeting that I 24 don't remember any individual, other 25 hCMFA exceeded its assets; correct? 26 HCMFA exceeded its assets; correct? 27 HCMFA exceeded its assets; correct? 28 May of 2019, in your view, the liabilities of 9 HCMFA exceeded its assets; correct? 29 HCMFA exceeded its assets; correct? 10 A. Yeah. I mean, again, I don't have 11 financial statements in front of me, but I 12 think, if I recall, we'd have to go through the 13 testimony with Mr. Morris, I believe that was 14 the case. 15 MR. MORRIS: Objection to the form 15 Q. In fact, you will recall that in 16 April of 2019, Mr. Dondero signed a document 17 that extended the demand feature of two prior 18 notes to May 31, 2019. Do you recall that? 19 MS. DEITSCH-PEREZ: I think you 20 A. I mean, prior – 20 might – maybe have the court reporter read 21 that back. You might have misspoke. 22 (Record read.) 23 MR. RUKAVINA: And I did misspeak. 24 recall with Mr. Dondero. 24 Q. I meant to say to May 31, 2021. Do	1 -		6	,	
9 I can go look for more emails, but again, you 10 don't remember any – any individual, other 11 than Mr. Dondero that we've discussed, you 12 don't remember any individual with whom you 13 discussed these promissory notes prior to their 14 execution? 15 MR. MORRIS: Objection to the form 16 of the question. 17 A. I don't recall discussing it with 18 anybody else. 19 Q. Okay. 19 MS. DEITSCH-PEREZ: I think you 20 A. I mean, prior – 20 might – maybe have the court reporter read 21 Q. I understand. 22 A. You know, there was no one else – 23 there was no one else in that meeting that I 24 than Mr. Dondero. 29 HCMFA exceeded its assets; correct? 10 A. Yeah. I mean, again, I don't have 11 financial statements in front of me, but I 12 think, if I recall, we'd have to go through the 13 testimony with Mr. Morris, I believe that was 14 the case. 15 MR. MORRIS: Objection to the form 16 April of 2019, Mr. Dondero signed a document 17 that extended the demand feature of two prior 18 anybody else. 18 notes to May 31, 2019. Do you recall that? 19 MS. DEITSCH-PEREZ: I think you 20 might – maybe have the court reporter read 21 that back. You might have misspoke. 22 (Record read.) 23 MR. RUKAVINA: And I did misspeak. 24 recall with Mr. Dondero. 24 Q. I meant to say to May 31, 2021. Do			7	•	
10 don't remember any – any individual, other 11 than Mr. Dondero that we've discussed, you 12 don't remember any individual with whom you 13 discussed these promissory notes prior to their 14 execution? 15 MR. MORRIS: Objection to the form 16 of the question. 17 A. I don't recall discussing it with 18 anybody else. 19 Q. Okay. 20 A. I mean, prior – 21 Q. I understand. 21 Understand. 22 A. You know, there was no one else – 23 there was no one else in that meeting that I 24 than Mr. Dondero that we've discussed, you 11 financial statements in front of me, but I 12 think, if I recall, we'd have to go through the 13 testimony with Mr. Morris, I believe that was 14 the case. 15 Q. In fact, you will recall that in 16 April of 2019, Mr. Dondero signed a document 17 that extended the demand feature of two prior 18 notes to May 31, 2019. Do you recall that? 19 MS. DEITSCH-PEREZ: I think you 20 might – maybe have the court reporter read 21 that back. You might have misspoke. 22 (Record read.) 23 there was no one else in that meeting that I 24 recall with Mr. Dondero. 24 Q. I meant to say to May 31, 2021. Do	8	, ,	8	-	
11 than Mr. Dondero that we've discussed, you 12 don't remember any individual with whom you 13 discussed these promissory notes prior to their 14 execution? 15 MR. MORRIS: Objection to the form 16 of the question. 17 A. I don't recall discussing it with 18 anybody else. 19 Q. Okay. 20 A. I mean, prior — 20 might — maybe have the court reporter read 21 Q. I understand. 22 (Record read.) 23 there was no one else in that meeting that I 24 think, if I recall, we'd have to go through the 15 think, if I recall, we'd have to go through the 16 think, if I recall, we'd have to go through the 18 testimony with Mr. Morris, I believe that was 19 Q. In fact, you will recall that in 16 April of 2019, Mr. Dondero signed a document 17 that extended the demand feature of two prior 18 notes to May 31, 2019. Do you recall that? 19 MS. DEITSCH-PEREZ: I think you 20 A. I mean, prior — 20 might — maybe have the court reporter read 21 that back. You might have misspoke. 22 (Record read.) 23 MR. RUKAVINA: And I did misspeak. 24 recall with Mr. Dondero. 24 Q. I meant to say to May 31, 2021. Do	9		9	•	
12 don't remember any individual with whom you 13 discussed these promissory notes prior to their 14 execution? 15 MR. MORRIS: Objection to the form 16 of the question. 17 A. I don't recall discussing it with 18 anybody else. 19 Q. Okay. 19 MS. DEITSCH-PEREZ: I think you 20 A. I mean, prior — 20 might — maybe have the court reporter read 21 Q. I understand. 22 A. You know, there was no one else — 23 there was no one else in that meeting that I 24 recall with Mr. Dondero. 25 think, if I recall, we'd have to go through the 26 think, if I recall, we'd have to go through the 27 testimony with Mr. Morris, I believe that was 28 there was no force prior to their 29 the case. 20 In fact, you will recall that in 29 A. I necall discussing it with 29 A. I mean, prior — 20 might — maybe have the court reporter read 21 that back. You might have misspoke. 22 (Record read.) 23 MR. RUKAVINA: And I did misspeak. 24 qc. I meant to say to May 31, 2021. Do	10				
13 discussed these promissory notes prior to their 14 execution? 15 MR. MORRIS: Objection to the form 16 of the question. 17 A. I don't recall discussing it with 18 anybody else. 19 Q. Okay. 19 Q. Okay. 20 A. I mean, prior — 20 might — maybe have the court reporter read 21 Q. I understand. 22 A. You know, there was no one else — 23 there was no one else in that meeting that I 24 recall with Mr. Morris, I believe that was 13 testimony with Mr. Morris, I believe that was 14 the case. 15 Q. In fact, you will recall that in 16 April of 2019, Mr. Dondero signed a document 17 that extended the demand feature of two prior 18 notes to May 31, 2019. Do you recall that? 19 MS. DEITSCH-PEREZ: I think you 20 might — maybe have the court reporter read 21 that back. You might have misspoke. 22 (Record read.) 23 MR. RUKAVINA: And I did misspeak. 24 qc. I meant to say to May 31, 2021. Do	l	•	l		
14 execution? 15 MR. MORRIS: Objection to the form 16 of the question. 17 A. I don't recall discussing it with 18 anybody else. 19 Q. Okay. 19 MS. DEITSCH-PEREZ: I think you 20 A. I mean, prior — 20 might — maybe have the court reporter read 21 Q. I understand. 21 that back. You might have misspoke. 22 A. You know, there was no one else — 23 there was no one else in that meeting that I 24 recall with Mr. Dondero. 14 the case. 15 Q. In fact, you will recall that in 16 April of 2019, Mr. Dondero signed a document 17 that extended the demand feature of two prior 18 notes to May 31, 2019. Do you recall that? 19 MS. DEITSCH-PEREZ: I think you 20 might — maybe have the court reporter read 21 that back. You might have misspoke. 22 (Record read.) 23 MR. RUKAVINA: And I did misspeak. 24 Q. I meant to say to May 31, 2021. Do	١	· · · · · · · · · · · · · · · · · · ·	l		
MR. MORRIS: Objection to the form of the question. A. I don't recall discussing it with that extended the demand feature of two prior anybody else. Okay. Okay. A. I mean, prior — Q. I understand. A. I mean, prior — Q. I understand. A. You know, there was no one else — there was no one else in that meeting that I defends a Q. I meant to say to May 31, 2021. Do In fact, you will recall that in April of 2019, Mr. Dondero signed a document that extended the demand feature of two prior notes to May 31, 2019. Do you recall that? MS. DEITSCH-PEREZ: I think you might — maybe have the court reporter read that back. You might have misspoke. (Record read.) MR. RUKAVINA: And I did misspeak. Q. I meant to say to May 31, 2021. Do	l	· · · · · · · · · · · · · · · · · · ·		•	
16 of the question. 17 A. I don't recall discussing it with 18 anybody else. 19 Q. Okay. 19 MS. DEITSCH-PEREZ: I think you 20 A. I mean, prior — 20 might — maybe have the court reporter read 21 Q. I understand. 22 A. You know, there was no one else — 23 there was no one else in that meeting that I 24 recall with Mr. Dondero. 26 April of 2019, Mr. Dondero signed a document 27 that extended the demand feature of two prior 28 notes to May 31, 2019. Do you recall that? 29 MS. DEITSCH-PEREZ: I think you 20 might — maybe have the court reporter read 21 that back. You might have misspoke. 22 (Record read.) 23 MR. RUKAVINA: And I did misspeak. 24 Q. I meant to say to May 31, 2021. Do	I				
17 that extended the demand feature of two prior 18 anybody else. 18 notes to May 31, 2019. Do you recall that? 19 Q. Okay. 19 MS. DEITSCH-PEREZ: I think you 20 A. I mean, prior – 20 might – maybe have the court reporter read 21 Q. I understand. 21 that back. You might have misspoke. 22 A. You know, there was no one else – 23 there was no one else in that meeting that I 24 recall with Mr. Dondero. 27 that extended the demand feature of two prior 28 notes to May 31, 2019. Do you recall that? 29 might – maybe have the court reporter read 20 might – maybe have the court reporter read 21 that back. You might have misspoke. 22 (Record read.) 23 MR. RUKAVINA: And I did misspeak. 24 Q. I meant to say to May 31, 2021. Do	ı	-		•	
18 anybody else. 19 Q. Okay. 19 MS. DEITSCH-PEREZ: I think you 20 A. I mean, prior — 20 might — maybe have the court reporter read 21 Q. I understand. 22 A. You know, there was no one else — 23 there was no one else in that meeting that I 24 recall with Mr. Dondero. 28 notes to May 31, 2019. Do you recall that? 29 MS. DEITSCH-PEREZ: I think you 20 might — maybe have the court reporter read 21 that back. You might have misspoke. 22 (Record read.) 23 MR. RUKAVINA: And I did misspeak. 24 Q. I meant to say to May 31, 2021. Do	ı	·	l		
19 Q. Okay. 19 MS. DEITSCH-PEREZ: I think you 20 A. I mean, prior – 20 might – maybe have the court reporter read 21 Q. I understand. 21 that back. You might have misspoke. 22 A. You know, there was no one else – 23 there was no one else in that meeting that I 24 recall with Mr. Dondero. 29 MS. DEITSCH-PEREZ: I think you 20 might – maybe have the court reporter read 21 that back. You might have misspoke. 22 (Record read.) 23 MR. RUKAVINA: And I did misspeak. 24 Q. I meant to say to May 31, 2021. Do	ı			•	
20 A. I mean, prior – 21 Q. I understand. 22 A. You know, there was no one else – 23 there was no one else in that meeting that I 24 recall with Mr. Dondero. 20 might – maybe have the court reporter read 21 that back. You might have misspoke. 22 (Record read.) 23 MR. RUKAVINA: And I did misspeak. 24 Q. I meant to say to May 31, 2021. Do	ı	• •		•	
21 Q. I understand. 22 A. You know, there was no one else – 23 there was no one else in that meeting that I 24 recall with Mr. Dondero. 25 that back. You might have misspoke. 26 (Record read.) 27 MR. RUKAVINA: And I did misspeak. 28 Q. I meant to say to May 31, 2021. Do		•		· · · · · · · · · · · · · · · · · · ·	
22 A. You know, there was no one else – 23 there was no one else in that meeting that I 24 recall with Mr. Dondero. 25 (Record read.) 26 MR. RUKAVINA: And I did misspeak. 27 Q. I meant to say to May 31, 2021. Do		·			
23 there was no one else in that meeting that I 23 MR. RUKAVINA: And I did misspeak. 24 recall with Mr. Dondero. 23 MR. RUKAVINA: And I did misspeak. 24 Q. I meant to say to May 31, 2021. Do					
24 recall with Mr. Dondero. 24 Q. I meant to say to May 31, 2021. Do	I			•	
	Ι			•	
25 Q. Now, when you established that by 25 you recall that, sir?	12/	recall with Mr. Dondero.	24	• •	
	I				

Page 302 1 WATERHOUSE - 10-19-21	Page 303 1 WATERHOUSE - 10-19-21
2 MR. MORRIS: Objection to the form	2 MR. MORRIS: Objection to the form
3 of the question.	3 of the question.
4 A. Yes.	4 A. Sorry, I just want to make sure –
5 MR. RUKAVINA: And, Mr. Nguyen, just	5 are you asking me, did you say, was it prudent
6 so that the record is clear, will you please	6 for Highland to Ioan \$7.4 million to HCMFA a
7 pull up my Exhibit Alpha 10, A10.	7 few weeks after this document was executed?
8 (Exhibit A10 marked.)	8 Q. Yes, and at a time when HCMFA's
9 Q. You don't have this one in front of	9 liabilities exceeded its assets.
10 you, Mr. Waterhouse? This is the one that	10 MR. MORRIS: Objection to the form
11 Mr. Morris used earlier. Do you see that	11 of the question.
12 document, sir?	12 A. I don't it is odd. I don't know.
13 A. Yes, I do.	13 MR. RUKAVINA: You can take this
14 Q. And this is what you were testifying	14 exhibit down, Mr. Nguyen.
15 about before when Mr. Morris was asking you.	15 Q. Do you recall asking anyone,
16 Do you remember that?	16 Mr. Dondero or – or anyone outside as to
17 A. Yes.	17 whether Highland ought to be lending
18 Q. So here is my question for you,	18 \$7.4 million to HCMF regarding HCMF's
19 Mr. Waterhouse: As the chief financial officer	19 creditworthiness?
20 of Highland, was it prudent for Highland less	20 MR. MORRIS: Objection to the form
21 than three weeks later to be lending	21 of the question.
22 \$7.2 million to an insolvent entity that	22 A. I don't recall.
23 couldn't even then pay its debts back to	23 Q. Did you receive personally any of
24 Highland?	24 that \$7.4 million?
25 MS. DANDENEAU: Objection to form.	25 A. No.
Page 304	Page 305
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
1 WATERHOUSE - 10-19-21 2 Q. Did you even	 WATERHOUSE - 10-19-21 MR. RUKAVINA: Pull up those notes
1 WATERHOUSE - 10-19-21 2 Q. Did you even 3 MR. MORRIS: I didn't hear that	 WATERHOUSE - 10-19-21 MR. RUKAVINA: Pull up those notes again, Mr. Nguyen.
1 WATERHOUSE - 10-19-21 2 Q. Did you even 3 MR. MORRIS: I didn't hear that 4 question, sir.	 WATERHOUSE - 10-19-21 MR. RUKAVINA: Pull up those notes again, Mr. Nguyen. Q. You can have them in front of you,
1 WATERHOUSE - 10-19-21 2 Q. Did you even – 3 MR. MORRIS: I didn't hear that 4 question, sir. 5 MR. RUKAVINA: The one that he	 1 WATERHOUSE - 10-19-21 2 MR. RUKAVINA: Pull up those notes 3 again, Mr. Nguyen. 4 Q. You can have them in front of you, 5 Exhibit 7, Mr. Waterhouse, whatever is easier
1 WATERHOUSE - 10-19-21 2 Q. Did you even — 3 MR. MORRIS: I didn't hear that 4 question, sir. 5 MR. RUKAVINA: The one that he 6 answered, John, or my new one?	 WATERHOUSE - 10-19-21 MR. RUKAVINA: Pull up those notes again, Mr. Nguyen. Q. You can have them in front of you, Exhibit 7, Mr. Waterhouse, whatever is easier for you. If you go to your signature page, my
1 WATERHOUSE - 10-19-21 2 Q. Did you even 3 MR. MORRIS: I didn't hear that 4 question, sir. 5 MR. RUKAVINA: The one that he 6 answered, John, or my new one? 7 MR. MORRIS: No, no, your question,	 WATERHOUSE - 10-19-21 MR. RUKAVINA: Pull up those notes again, Mr. Nguyen. Q. You can have them in front of you, Exhibit 7, Mr. Waterhouse, whatever is easier for you. If you go to your signature page, my question to you is, why did you not include
1 WATERHOUSE - 10-19-21 2 Q. Did you even — 3 MR. MORRIS: I didn't hear that 4 question, sir. 5 MR. RUKAVINA: The one that he 6 answered, John, or my new one? 7 MR. MORRIS: No, no, your question, 8 Davor.	1 WATERHOUSE - 10-19-21 2 MR. RUKAVINA: Pull up those notes 3 again, Mr. Nguyen. 4 Q. You can have them in front of you, 5 Exhibit 7, Mr. Waterhouse, whatever is easier 6 for you. If you go to your signature page, my 7 question to you is, why did you not include 8 your title as treasurer by your name, Frank
1 WATERHOUSE - 10-19-21 2 Q. Did you even — 3 MR. MORRIS: I didn't hear that 4 question, sir. 5 MR. RUKAVINA: The one that he 6 answered, John, or my new one? 7 MR. MORRIS: No, no, your question, 8 Davor. 9 MR. RUKAVINA: I had asked him	1 WATERHOUSE - 10-19-21 2 MR. RUKAVINA: Pull up those notes 3 again, Mr. Nguyen. 4 Q. You can have them in front of you, 5 Exhibit 7, Mr. Waterhouse, whatever is easier 6 for you. If you go to your signature page, my 7 question to you is, why did you not include 8 your title as treasurer by your name, Frank 9 Waterhouse?
1 WATERHOUSE - 10-19-21 2 Q. Did you even 3 MR. MORRIS: I didn't hear that 4 question, sir. 5 MR. RUKAVINA: The one that he 6 answered, John, or my new one? 7 MR. MORRIS: No, no, your question, 8 Davor. 9 MR. RUKAVINA: I had asked him 10 whether he received any of the	 WATERHOUSE - 10-19-21 MR. RUKAVINA: Pull up those notes again, Mr. Nguyen. Q. You can have them in front of you, Exhibit 7, Mr. Waterhouse, whatever is easier for you. If you go to your signature page, my question to you is, why did you not include your title as treasurer by your name, Frank Waterhouse? MS. DANDENEAU: Objection to form.
1 WATERHOUSE - 10-19-21 2 Q. Did you even — 3 MR. MORRIS: I didn't hear that 4 question, sir. 5 MR. RUKAVINA: The one that he 6 answered, John, or my new one? 7 MR. MORRIS: No, no, your question, 8 Davor. 9 MR. RUKAVINA: I had asked him 10 whether he received any of the 11 \$7.4 million. He said no.	 WATERHOUSE - 10-19-21 MR. RUKAVINA: Pull up those notes again, Mr. Nguyen. Q. You can have them in front of you, Exhibit 7, Mr. Waterhouse, whatever is easier for you. If you go to your signature page, my question to you is, why did you not include your title as treasurer by your name, Frank Waterhouse? MS. DANDENEAU: Objection to form. A. I didn't – I didn't draft this
1 WATERHOUSE - 10-19-21 2 Q. Did you even — 3 MR. MORRIS: I didn't hear that 4 question, sir. 5 MR. RUKAVINA: The one that he 6 answered, John, or my new one? 7 MR. MORRIS: No, no, your question, 8 Davor. 9 MR. RUKAVINA: I had asked him 10 whether he received any of the 11 \$7.4 million. He said no. 12 MR. MORRIS: Yeah. I thought there	 WATERHOUSE - 10-19-21 MR. RUKAVINA: Pull up those notes again, Mr. Nguyen. Q. You can have them in front of you, Exhibit 7, Mr. Waterhouse, whatever is easier for you. If you go to your signature page, my question to you is, why did you not include your title as treasurer by your name, Frank Waterhouse? MS. DANDENEAU: Objection to form. A. I didn't – I didn't draft this document.
1 WATERHOUSE - 10-19-21 2 Q. Did you even — 3 MR. MORRIS: I didn't hear that 4 question, sir. 5 MR. RUKAVINA: The one that he 6 answered, John, or my new one? 7 MR. MORRIS: No, no, your question, 8 Davor. 9 MR. RUKAVINA: I had asked him 10 whether he received any of the 11 \$7.4 million. He said no. 12 MR. MORRIS: Yeah. I thought there 13 was a question after that. Maybe I was	 WATERHOUSE - 10-19-21 MR. RUKAVINA: Pull up those notes again, Mr. Nguyen. Q. You can have them in front of you, Exhibit 7, Mr. Waterhouse, whatever is easier for you. If you go to your signature page, my question to you is, why did you not include your title as treasurer by your name, Frank Waterhouse? MS. DANDENEAU: Objection to form. A. I didn't – I didn't draft this document. Q. So you relied on whoever drafted it
1 WATERHOUSE - 10-19-21 2 Q. Did you even — 3 MR. MORRIS: I didn't hear that 4 question, sir. 5 MR. RUKAVINA: The one that he 6 answered, John, or my new one? 7 MR. MORRIS: No, no, your question, 8 Davor. 9 MR. RUKAVINA: I had asked him 10 whether he received any of the 11 \$7.4 million. He said no. 12 MR. MORRIS: Yeah. I thought there 13 was a question after that. Maybe I was 14 mistaken. I apologize.	1 WATERHOUSE - 10-19-21 2 MR. RUKAVINA: Pull up those notes 3 again, Mr. Nguyen. 4 Q. You can have them in front of you, 5 Exhibit 7, Mr. Waterhouse, whatever is easier 6 for you. If you go to your signature page, my 7 question to you is, why did you not include 8 your title as treasurer by your name, Frank 9 Waterhouse? 10 MS. DANDENEAU: Objection to form. 11 A. I didn't – I didn't draft this 12 document. 13 Q. So you relied on whoever drafted it 14 to draft it correctly?
1 WATERHOUSE - 10-19-21 2 Q. Did you even — 3 MR. MORRIS: I didn't hear that 4 question, sir. 5 MR. RUKAVINA: The one that he 6 answered, John, or my new one? 7 MR. MORRIS: No, no, your question, 8 Davor. 9 MR. RUKAVINA: I had asked him 10 whether he received any of the 11 \$7.4 million. He said no. 12 MR. MORRIS: Yeah. I thought there 13 was a question after that. Maybe I was 14 mistaken. I apologize. 15 MR. RUKAVINA: I had started a new	1 WATERHOUSE - 10-19-21 2 MR. RUKAVINA: Pull up those notes 3 again, Mr. Nguyen. 4 Q. You can have them in front of you, 5 Exhibit 7, Mr. Waterhouse, whatever is easier 6 for you. If you go to your signature page, my 7 question to you is, why did you not include 8 your title as treasurer by your name, Frank 9 Waterhouse? 10 MS. DANDENEAU: Objection to form. 11 A. I didn't – I didn't draft this 12 document. 13 Q. So you relied on whoever drafted it 14 to draft it correctly? 15 A. Yes.
1 WATERHOUSE - 10-19-21 2 Q. Did you even — 3 MR. MORRIS: I didn't hear that 4 question, sir. 5 MR. RUKAVINA: The one that he 6 answered, John, or my new one? 7 MR. MORRIS: No, no, your question, 8 Davor. 9 MR. RUKAVINA: I had asked him 10 whether he received any of the 11 \$7.4 million. He said no. 12 MR. MORRIS: Yeah. I thought there 13 was a question after that. Maybe I was 14 mistaken. I apologize. 15 MR. RUKAVINA: I had started a new 16 question, so here, let me start the new	 WATERHOUSE - 10-19-21 MR. RUKAVINA: Pull up those notes again, Mr. Nguyen. Q. You can have them in front of you, Exhibit 7, Mr. Waterhouse, whatever is easier for you. If you go to your signature page, my question to you is, why did you not include your title as treasurer by your name, Frank Waterhouse? MS. DANDENEAU: Objection to form. A. I didn't – I didn't draft this document. Q. So you relied on whoever drafted it to draft it correctly? A. Yes. Q. Okay. But back then when you signed
1 WATERHOUSE - 10-19-21 2 Q. Did you even — 3 MR. MORRIS: I didn't hear that 4 question, sir. 5 MR. RUKAVINA: The one that he 6 answered, John, or my new one? 7 MR. MORRIS: No, no, your question, 8 Davor. 9 MR. RUKAVINA: I had asked him 10 whether he received any of the 11 \$7.4 million. He said no. 12 MR. MORRIS: Yeah. I thought there 13 was a question after that. Maybe I was 14 mistaken. I apologize. 15 MR. RUKAVINA: I had started a new 16 question, so here, let me start the new 17 question again.	MR. RUKAVINA: Pull up those notes again, Mr. Nguyen. Q. You can have them in front of you, Exhibit 7, Mr. Waterhouse, whatever is easier for you. If you go to your signature page, my question to you is, why did you not include your title as treasurer by your name, Frank Waterhouse? MS. DANDENEAU: Objection to form. A. I didn't – I didn't draft this document. Q. So you relied on whoever drafted it to draft it correctly? A. Yes. Q. Okay. But back then when you signed this, did it ever cross your mind that you were
1 WATERHOUSE - 10-19-21 2 Q. Did you even — 3 MR. MORRIS: I didn't hear that 4 question, sir. 5 MR. RUKAVINA: The one that he 6 answered, John, or my new one? 7 MR. MORRIS: No, no, your question, 8 Davor. 9 MR. RUKAVINA: I had asked him 10 whether he received any of the 11 \$7.4 million. He said no. 12 MR. MORRIS: Yeah. I thought there 13 was a question after that. Maybe I was 14 mistaken. I apologize. 15 MR. RUKAVINA: I had started a new 16 question, so here, let me start the new 17 question again. 18 Q. Did you personally receive any	MR. RUKAVINA: Pull up those notes again, Mr. Nguyen. Q. You can have them in front of you, Exhibit 7, Mr. Waterhouse, whatever is easier for you. If you go to your signature page, my question to you is, why did you not include your title as treasurer by your name, Frank Waterhouse? MS. DANDENEAU: Objection to form. A. I didn't – I didn't draft this document. Q. So you relied on whoever drafted it to draft it correctly? A. Yes. Q. Okay. But back then when you signed this, did it ever cross your mind that you were the maker on these notes?
1 WATERHOUSE - 10-19-21 2 Q. Did you even — 3 MR. MORRIS: I didn't hear that 4 question, sir. 5 MR. RUKAVINA: The one that he 6 answered, John, or my new one? 7 MR. MORRIS: No, no, your question, 8 Davor. 9 MR. RUKAVINA: I had asked him 10 whether he received any of the 11 \$7.4 million. He said no. 12 MR. MORRIS: Yeah. I thought there 13 was a question after that. Maybe I was 14 mistaken. I apologize. 15 MR. RUKAVINA: I had started a new 16 question, so here, let me start the new 17 question again. 18 Q. Did you personally receive any 19 direct benefit from those two notes for	MR. RUKAVINA: Pull up those notes again, Mr. Nguyen. Q. You can have them in front of you, Exhibit 7, Mr. Waterhouse, whatever is easier for you. If you go to your signature page, my question to you is, why did you not include your title as treasurer by your name, Frank Waterhouse? MS. DANDENEAU: Objection to form. A. I didn't – I didn't draft this document. Q. So you relied on whoever drafted it to draft it correctly? A. Yes. Q. Okay. But back then when you signed this, did it ever cross your mind that you were the maker on these notes?
1 WATERHOUSE - 10-19-21 2 Q. Did you even — 3 MR. MORRIS: I didn't hear that 4 question, sir. 5 MR. RUKAVINA: The one that he 6 answered, John, or my new one? 7 MR. MORRIS: No, no, your question, 8 Davor. 9 MR. RUKAVINA: I had asked him 10 whether he received any of the 11 \$7.4 million. He said no. 12 MR. MORRIS: Yeah. I thought there 13 was a question after that. Maybe I was 14 mistaken. I apologize. 15 MR. RUKAVINA: I had started a new 16 question, so here, let me start the new 17 question again. 18 Q. Did you personally receive any 19 direct benefit from those two notes for 20 \$7.4 million?	MR. RUKAVINA: Pull up those notes again, Mr. Nguyen. Q. You can have them in front of you, Exhibit 7, Mr. Waterhouse, whatever is easier for you. If you go to your signature page, my question to you is, why did you not include your title as treasurer by your name, Frank Waterhouse? MS. DANDENEAU: Objection to form. A. I didn't – I didn't draft this document. Q. So you relied on whoever drafted it to draft it correctly? A. Yes. Q. Okay. But back then when you signed this, did it ever cross your mind that you were the maker on these notes? A. No. Q. Back then when you signed this
1 WATERHOUSE - 10-19-21 2 Q. Did you even — 3 MR. MORRIS: I didn't hear that 4 question, sir. 5 MR. RUKAVINA: The one that he 6 answered, John, or my new one? 7 MR. MORRIS: No, no, your question, 8 Davor. 9 MR. RUKAVINA: I had asked him 10 whether he received any of the 11 \$7.4 million. He said no. 12 MR. MORRIS: Yeah. I thought there 13 was a question after that. Maybe I was 14 mistaken. I apologize. 15 MR. RUKAVINA: I had started a new 16 question, so here, let me start the new 17 question again. 18 Q. Did you personally receive any 19 direct benefit from those two notes for 20 \$7.4 million? 21 A. No.	MR. RUKAVINA: Pull up those notes again, Mr. Nguyen. Q. You can have them in front of you, Exhibit 7, Mr. Waterhouse, whatever is easier for you. If you go to your signature page, my question to you is, why did you not include your title as treasurer by your name, Frank Waterhouse? MS. DANDENEAU: Objection to form. A. I didn't – I didn't draft this document. Q. So you relied on whoever drafted it to draft it correctly? A. Yes. Q. Okay. But back then when you signed this, did it ever cross your mind that you were the maker on these notes? A. No. Q. Back then when you signed this document, did it ever cross your mind that you
1 WATERHOUSE - 10-19-21 2 Q. Did you even — 3 MR. MORRIS: I didn't hear that 4 question, sir. 5 MR. RUKAVINA: The one that he 6 answered, John, or my new one? 7 MR. MORRIS: No, no, your question, 8 Davor. 9 MR. RUKAVINA: I had asked him 10 whether he received any of the 11 \$7.4 million. He said no. 12 MR. MORRIS: Yeah. I thought there 13 was a question after that. Maybe I was 14 mistaken. I apologize. 15 MR. RUKAVINA: I had started a new 16 question, so here, let me start the new 17 question again. 18 Q. Did you personally receive any 19 direct benefit from those two notes for 20 \$7.4 million? 21 A. No. 22 Q. Did you ever personally consider	MR. RUKAVINA: Pull up those notes again, Mr. Nguyen. Q. You can have them in front of you, Exhibit 7, Mr. Waterhouse, whatever is easier for you. If you go to your signature page, my question to you is, why did you not include your title as treasurer by your name, Frank Waterhouse? MS. DANDENEAU: Objection to form. A. I didn't – I didn't draft this document. Q. So you relied on whoever drafted it to draft it correctly? A. Yes. Q. Okay. But back then when you signed this, did it ever cross your mind that you were the maker on these notes? A. No. Q. Back then when you signed this document, did it ever cross your mind that you could be a co-obligor on these notes?
1 WATERHOUSE - 10-19-21 2 Q. Did you even — 3 MR. MORRIS: I didn't hear that 4 question, sir. 5 MR. RUKAVINA: The one that he 6 answered, John, or my new one? 7 MR. MORRIS: No, no, your question, 8 Davor. 9 MR. RUKAVINA: I had asked him 10 whether he received any of the 11 \$7.4 million. He said no. 12 MR. MORRIS: Yeah. I thought there 13 was a question after that. Maybe I was 14 mistaken. I apologize. 15 MR. RUKAVINA: I had started a new 16 question, so here, let me start the new 17 question again. 18 Q. Did you personally receive any 19 direct benefit from those two notes for 20 \$7.4 million? 21 A. No. 22 Q. Did you ever personally consider 23 yourself obligated to repay either or both of	MR. RUKAVINA: Pull up those notes again, Mr. Nguyen. Q. You can have them in front of you, Exhibit 7, Mr. Waterhouse, whatever is easier for you. If you go to your signature page, my question to you is, why did you not include your title as treasurer by your name, Frank Waterhouse? MS. DANDENEAU: Objection to form. A. I didn't – I didn't draft this document. Q. So you relied on whoever drafted it to draft it correctly? A. Yes. Q. Okay. But back then when you signed this, did it ever cross your mind that you were the maker on these notes? A. No. Q. Back then when you signed this document, did it ever cross your mind that you could be a co-obligor on these notes? A. No. I didn't receive \$7.4 million,
1 WATERHOUSE - 10-19-21 2 Q. Did you even — 3 MR. MORRIS: I didn't hear that 4 question, sir. 5 MR. RUKAVINA: The one that he 6 answered, John, or my new one? 7 MR. MORRIS: No, no, your question, 8 Davor. 9 MR. RUKAVINA: I had asked him 10 whether he received any of the 11 \$7.4 million. He said no. 12 MR. MORRIS: Yeah. I thought there 13 was a question after that. Maybe I was 14 mistaken. I apologize. 15 MR. RUKAVINA: I had started a new 16 question, so here, let me start the new 17 question again. 18 Q. Did you personally receive any 19 direct benefit from those two notes for 20 \$7.4 million? 21 A. No. 22 Q. Did you ever personally consider	MR. RUKAVINA: Pull up those notes again, Mr. Nguyen. Q. You can have them in front of you, Exhibit 7, Mr. Waterhouse, whatever is easier for you. If you go to your signature page, my question to you is, why did you not include your title as treasurer by your name, Frank Waterhouse? MS. DANDENEAU: Objection to form. A. I didn't – I didn't draft this document. Q. So you relied on whoever drafted it to draft it correctly? A. Yes. Q. Okay. But back then when you signed this, did it ever cross your mind that you were the maker on these notes? A. No. Q. Back then when you signed this document, did it ever cross your mind that you could be a co-obligor on these notes?

	Page 306		WATER HOUSE, 40 40 04	Page 307
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	
2	\$7.4 million?	2	MS. DANDENEAU: Objection to the	
3	A. I would have to go back and look and	3	form.	
4	check in, you know, the the financial	4	A. Yes.	
5	records and the bank statements.	5	Q. So do you agree with me that it's	
6	MR. RUKAVINA: You can take this	6	odd - I think that is the word you used -	
7	exhibit down, Mr. Nguyen.	7	that Highland would be loaning \$7.4 million a	
8	Q. Mr. Waterhouse, I'm not trying to be	8	few weeks after that extension to an entity	
9	a smart-ass, but if the law says that because	9	whose liabilities exceeded its assets, and you	
10	of the way that you signed this promissory	10	would agree with me that it was never your	
11	note, if that is what the law says, that that	11	intention to be in any way liable for these two	
12	made you personally - personally liable, then	12	promissory notes; correct?	
13	you would agree with me that that was never	13	MR. MORRIS: Objection to the form	
14	your intent?	14	of the question.	
15	MR. MORRIS: Objection to the form	15	A. Sorry, you – you asked a lot there.	
16	•	16	MR. RUKAVINA: I will strike it and	
17	•	17	I will move on.	
18		18	Let's go to – pull up Exhibit 9,	
19	Q. So putting all other issues aside,	19	please Mr. Nguyen – Alpha 9, I'm sorry, Alpha	
20		20		
21	liable for those notes because of how you	21	(Exhibit A9 marked.)	
22		22	Q. Sir, take a moment to look at this,	
23		23	but this is an email, and you will see attached	
24		24	July 31, 2020 affiliate notes.	
25		25	Do you see that attachment?	
20	of the question.	20	Do you see that attachment:	
1	Page 308 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 309
2	A. Yes.	2	schedule of assets. What exhibit is this	
3	Q. Okay. And do you see an entry for	3	of ours, Mr. Nguyen?	
4	Highland Capital Management Fund Advisors?	4	MR. NGUYEN: This is A11.	
5	MR. MORRIS: I'm sorry, hold on.	5	MR. RUKAVINA: Oh, this will be A11.	
6	Where are you looking?	6	(Exhibit A11 marked.)	
7	MR. RUKAVINA: Last page, John.	7	Q. You don't have this in front of you,	
1		'	•	
8	MR. MORRIS: Is it the page on the	Q	Mr Waterhouse?	
9		8	Mr. Waterhouse?	
110	screen?	9	A. Okay.	
10	screen? MR. RUKAVINA: Oh, I'm sorry.	9	A. Okay. Q. This is what Mr. Morris used	
11	screen? MR. RUKAVINA: Oh, I'm sorry. Mr. Nguyen just did it. Yes, the last page	9 10 11	A. Okay. Q. This is what Mr. Morris used earlier. Do you remember looking at this with	
11 12	screen? MR. RUKAVINA: Oh, I'm sorry. Mr. Nguyen just did it. Yes, the last page there.	9 10 11 12	A. Okay. Q. This is what Mr. Morris used earlier. Do you remember looking at this with Mr. Morris?	
11 12 13	screen? MR. RUKAVINA: Oh, I'm sorry. Mr. Nguyen just did it. Yes, the last page there. MR. MORRIS: Thank you.	9 10 11 12 13	A. Okay. Q. This is what Mr. Morris used earlier. Do you remember looking at this with Mr. Morris? A. Yes.	
11 12 13 14	screen? MR. RUKAVINA: Oh, I'm sorry. Mr. Nguyen just did it. Yes, the last page there. MR. MORRIS: Thank you. Q. Do you see an entry there for HCMFA?	9 10 11 12 13 14	 A. Okay. Q. This is what Mr. Morris used earlier. Do you remember looking at this with Mr. Morris? A. Yes. MR. RUKAVINA: You might have to 	
11 12 13 14 15	screen? MR. RUKAVINA: Oh, I'm sorry. Mr. Nguyen just did it. Yes, the last page there. MR. MORRIS: Thank you. Q. Do you see an entry there for HCMFA? A. Yes.	9 10 11 12 13 14 15	A. Okay. Q. This is what Mr. Morris used earlier. Do you remember looking at this with Mr. Morris? A. Yes. MR. RUKAVINA: You might have to zoom in a little. Okay.	
11 12 13 14 15 16	screen? MR. RUKAVINA: Oh, I'm sorry. Mr. Nguyen just did it. Yes, the last page there. MR. MORRIS: Thank you. Q. Do you see an entry there for HCMFA? A. Yes. Q. About \$10.5 million.	9 10 11 12 13 14 15 16	A. Okay. Q. This is what Mr. Morris used earlier. Do you remember looking at this with Mr. Morris? A. Yes. MR. RUKAVINA: You might have to zoom in a little. Okay. Q. Now, I see Affiliate Note A, B, and	
11 12 13 14 15 16	screen? MR. RUKAVINA: Oh, I'm sorry. Mr. Nguyen just did it. Yes, the last page there. MR. MORRIS: Thank you. Q. Do you see an entry there for HCMFA? A. Yes. Q. About \$10.5 million. Do you see that?	9 10 11 12 13 14 15 16 17	A. Okay. Q. This is what Mr. Morris used earlier. Do you remember looking at this with Mr. Morris? A. Yes. MR. RUKAVINA: You might have to zoom in a little. Okay. Q. Now, I see Affiliate Note A, B, and C.	
11 12 13 14 15 16 17	screen? MR. RUKAVINA: Oh, I'm sorry. Mr. Nguyen just did it. Yes, the last page there. MR. MORRIS: Thank you. Q. Do you see an entry there for HCMFA? A. Yes. Q. About \$10.5 million. Do you see that? A. I do.	9 10 11 12 13 14 15 16 17 18	A. Okay. Q. This is what Mr. Morris used earlier. Do you remember looking at this with Mr. Morris? A. Yes. MR. RUKAVINA: You might have to zoom in a little. Okay. Q. Now, I see Affiliate Note A, B, and C. Do you have any recollection as to	
11 12 13 14 15 16 17 18	screen? MR. RUKAVINA: Oh, I'm sorry. Mr. Nguyen just did it. Yes, the last page there. MR. MORRIS: Thank you. Q. Do you see an entry there for HCMFA? A. Yes. Q. About \$10.5 million. Do you see that? A. I do. Q. And, now, do you have any	9 10 11 12 13 14 15 16 17 18	A. Okay. Q. This is what Mr. Morris used earlier. Do you remember looking at this with Mr. Morris? A. Yes. MR. RUKAVINA: You might have to zoom in a little. Okay. Q. Now, I see Affiliate Note A, B, and C. Do you have any recollection as to why the names of the affiliates are omitted?	
11 12 13 14 15 16 17	screen? MR. RUKAVINA: Oh, I'm sorry. Mr. Nguyen just did it. Yes, the last page there. MR. MORRIS: Thank you. Q. Do you see an entry there for HCMFA? A. Yes. Q. About \$10.5 million. Do you see that? A. I do. Q. And, now, do you have any explanation for why if HCMFA owed \$7.4 million,	9 10 11 12 13 14 15 16 17 18 19 20	A. Okay. Q. This is what Mr. Morris used earlier. Do you remember looking at this with Mr. Morris? A. Yes. MR. RUKAVINA: You might have to zoom in a little. Okay. Q. Now, I see Affiliate Note A, B, and C. Do you have any recollection as to why the names of the affiliates are omitted? A. I don't. I testified earlier that,	
11 12 13 14 15 16 17 18	screen? MR. RUKAVINA: Oh, I'm sorry. Mr. Nguyen just did it. Yes, the last page there. MR. MORRIS: Thank you. Q. Do you see an entry there for HCMFA? A. Yes. Q. About \$10.5 million. Do you see that? A. I do. Q. And, now, do you have any explanation for why if HCMFA owed \$7.4 million, plus the 5.3 million that had been extended,	9 10 11 12 13 14 15 16 17 18 19 20 21	A. Okay. Q. This is what Mr. Morris used earlier. Do you remember looking at this with Mr. Morris? A. Yes. MR. RUKAVINA: You might have to zoom in a little. Okay. Q. Now, I see Affiliate Note A, B, and C. Do you have any recollection as to why the names of the affiliates are omitted? A. I don't. I testified earlier that, you know, the team worked with DSI in providing	
11 12 13 14 15 16 17 18 19 20	screen? MR. RUKAVINA: Oh, I'm sorry. Mr. Nguyen just did it. Yes, the last page there. MR. MORRIS: Thank you. Q. Do you see an entry there for HCMFA? A. Yes. Q. About \$10.5 million. Do you see that? A. I do. Q. And, now, do you have any explanation for why if HCMFA owed \$7.4 million, plus the 5.3 million that had been extended, why that amount was only 10.5 million?	9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. Okay. Q. This is what Mr. Morris used earlier. Do you remember looking at this with Mr. Morris? A. Yes. MR. RUKAVINA: You might have to zoom in a little. Okay. Q. Now, I see Affiliate Note A, B, and C. Do you have any recollection as to why the names of the affiliates are omitted? A. I don't. I testified earlier that, you know, the team worked with DSI in providing these. I – I don't – I don't know.	
11 12 13 14 15 16 17 18 19 20 21 22 23	screen? MR. RUKAVINA: Oh, I'm sorry. Mr. Nguyen just did it. Yes, the last page there. MR. MORRIS: Thank you. Q. Do you see an entry there for HCMFA? A. Yes. Q. About \$10.5 million. Do you see that? A. I do. Q. And, now, do you have any explanation for why if HCMFA owed \$7.4 million, plus the 5.3 million that had been extended, why that amount was only 10.5 million? A. I don't know. Okay.	9 10 11 12 13 14 15 16 17 18 19 20 21	A. Okay. Q. This is what Mr. Morris used earlier. Do you remember looking at this with Mr. Morris? A. Yes. MR. RUKAVINA: You might have to zoom in a little. Okay. Q. Now, I see Affiliate Note A, B, and C. Do you have any recollection as to why the names of the affiliates are omitted? A. I don't. I testified earlier that, you know, the team worked with DSI in providing	
11 12 13 14 15 16 17 18 19 20 21 22	screen? MR. RUKAVINA: Oh, I'm sorry. Mr. Nguyen just did it. Yes, the last page there. MR. MORRIS: Thank you. Q. Do you see an entry there for HCMFA? A. Yes. Q. About \$10.5 million. Do you see that? A. I do. Q. And, now, do you have any explanation for why if HCMFA owed \$7.4 million, plus the 5.3 million that had been extended, why that amount was only 10.5 million? A. I don't know. Okay.	9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. Okay. Q. This is what Mr. Morris used earlier. Do you remember looking at this with Mr. Morris? A. Yes. MR. RUKAVINA: You might have to zoom in a little. Okay. Q. Now, I see Affiliate Note A, B, and C. Do you have any recollection as to why the names of the affiliates are omitted? A. I don't. I testified earlier that, you know, the team worked with DSI in providing these. I – I don't – I don't know. Q. Can we deduce – is it logical to	

Page 310 1 WATERHOUSE - 10-19-21	Page 3 1 WATERHOUSE - 10-19-21
2 MR. MORRIS: Objection to the form	2 Q. It would be \$12.7 million. Is that
3 of the question.	3 generally correct?
4 A. I mean, it – it is a – it is – it	4 A. Sorry, the amounts were 7.4, 5.3.
5 is approximate.	5 Q. Yes.
6 Q. Well, can we – can we deduce – or,	6 A. Okay. Yeah, that – that – I can
7 I'm sorry, strike that.	7 do that math, yes.
8 Can you, sitting here today,	8 Q. Do you have any explanation or any
9 logically conclude that Affiliate Note B or C	9 understanding of why there is no similar entry
10 represents HCMFA?	10 listed here on the schedule of assets filed
11 MR. MORRIS: Objection to the form	11 with the bankruptcy court?
12 of the question.	12 MR. MORRIS: Objection to the form
13 A. I don't know. I don't know. I	13 of the question.
14 can't.	14 A. I don't know. We have to look at
15 Q. Okay. As of the petition date, we	15 the supporting schedules, like I talked about
16 have established that HCMFA, under promissory	16 other – presumably there is – there is a
17 notes, owed \$7.4 million and \$5.3 million to	17 build to the schedule that would provide the
18 the debtor; correct?	18 detail.
19 MR. MORRIS: Objection to the form	19 Q. Well, that was going to be my next
20 of the question.	20 question. You anticipated it.
21 A. Yes.	21 MR. RUKAVINA: You can – you can
22 Q. Okay. And by my reckoning, that	22 take this down, Mr. Nguyen.
23 would be somewhere approaching \$13 million.	23 Q. Do you believe that whenever you and
24 MR. MORRIS: Objection to the form	24 your team provided the underlying data to the
25 of the question.	25 financial advisor that the actual names of the
Page 312 1 WATERHOUSE - 10-19-21	Page 3 1 WATERHOUSE - 10-19-21
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
1 WATERHOUSE - 10-19-21 2 affiliates for Affiliate Note A, B, and C would	1 WATERHOUSE - 10-19-21 2 I mean, it was – our job and our
1 WATERHOUSE - 10-19-21 2 affiliates for Affiliate Note A, B, and C would 3 have been listed there?	 1 WATERHOUSE - 10-19-21 2 I mean, it was – our job and our 3 focus – and I testified in court back in 2019;
1 WATERHOUSE - 10-19-21 2 affiliates for Affiliate Note A, B, and C would 3 have been listed there? 4 A. Are you asking we provided the names	 1 WATERHOUSE - 10-19-21 2 I mean, it was – our job and our 3 focus – and I testified in court back in 2019; 4 right – was – was to be transparent and, you
1 WATERHOUSE - 10-19-21 2 affiliates for Affiliate Note A, B, and C would 3 have been listed there? 4 A. Are you asking we provided the names 5 to the financial advisor? I don't — I don't	1 WATERHOUSE - 10-19-21 2 I mean, it was – our job and our 3 focus – and I testified in court back in 2019; 4 right – was – was to be transparent and, you 5 know, get DSI up to speed on – on the matters
1 WATERHOUSE - 10-19-21 2 affiliates for Affiliate Note A, B, and C would 3 have been listed there? 4 A. Are you asking we provided the names 5 to the financial advisor? I don't — I don't 6 understand who the financial advisor is.	1 WATERHOUSE - 10-19-21 2 I mean, it was – our job and our 3 focus – and I testified in court back in 2019; 4 right – was – was to be transparent and, you 5 know, get DSI up to speed on – on the matters 6 at Highland. So I can't see us redacting at
1 WATERHOUSE - 10-19-21 2 affiliates for Affiliate Note A, B, and C would 3 have been listed there? 4 A. Are you asking we provided the names 5 to the financial advisor? I don't — I don't 6 understand who the financial advisor is. 7 Q. I'm sorry, DSI.	WATERHOUSE - 10-19-21 I mean, it was – our job and our focus – and I testified in court back in 2019; right – was – was to be transparent and, you know, get DSI up to speed on – on the matters at Highland. So I can't see us redacting at that point.
1 WATERHOUSE - 10-19-21 2 affiliates for Affiliate Note A, B, and C would 3 have been listed there? 4 A. Are you asking we provided the names 5 to the financial advisor? I don't — I don't 6 understand who the financial advisor is. 7 Q. I'm sorry, DSI. 8 Let me ask the question this way,	1 WATERHOUSE - 10-19-21 2 I mean, it was – our job and our 3 focus – and I testified in court back in 2019; 4 right – was – was to be transparent and, you 5 know, get DSI up to speed on – on the matters 6 at Highland. So I can't see us redacting at 7 that point. 8 MR. RUKAVINA: Mr. Nguyen, will you
1 WATERHOUSE - 10-19-21 2 affiliates for Affiliate Note A, B, and C would 3 have been listed there? 4 A. Are you asking we provided the names 5 to the financial advisor? I don't — I don't 6 understand who the financial advisor is. 7 Q. I'm sorry, DSI. 8 Let me ask the question this way, 9 Mr. Waterhouse. 10 Whenever you provided information 11 about the affiliate notes to DSI, do you	1 WATERHOUSE - 10-19-21 2 I mean, it was – our job and our 3 focus – and I testified in court back in 2019; 4 right – was – was to be transparent and, you 5 know, get DSI up to speed on – on the matters 6 at Highland. So I can't see us redacting at 7 that point. 8 MR. RUKAVINA: Mr. Nguyen, will you 9 please pull up Mr. Morris' Exhibit 36.
1 WATERHOUSE - 10-19-21 2 affiliates for Affiliate Note A, B, and C would 3 have been listed there? 4 A. Are you asking we provided the names 5 to the financial advisor? I don't — I don't 6 understand who the financial advisor is. 7 Q. I'm sorry, DSI. 8 Let me ask the question this way, 9 Mr. Waterhouse. 10 Whenever you provided information	1 WATERHOUSE - 10-19-21 2 I mean, it was – our job and our 3 focus – and I testified in court back in 2019; 4 right – was – was to be transparent and, you 5 know, get DSI up to speed on – on the matters 6 at Highland. So I can't see us redacting at 7 that point. 8 MR. RUKAVINA: Mr. Nguyen, will you 9 please pull up Mr. Morris' Exhibit 36. 10 Just the very first page, the very top 11 email. You might zoom in a little bit. 12 Q. Now, you recall being asked about
1 WATERHOUSE - 10-19-21 2 affiliates for Affiliate Note A, B, and C would 3 have been listed there? 4 A. Are you asking we provided the names 5 to the financial advisor? I don't — I don't 6 understand who the financial advisor is. 7 Q. I'm sorry, DSI. 8 Let me ask the question this way, 9 Mr. Waterhouse. 10 Whenever you provided information 11 about the affiliate notes to DSI, do you	1 WATERHOUSE - 10-19-21 2 I mean, it was – our job and our 3 focus – and I testified in court back in 2019; 4 right – was – was to be transparent and, you 5 know, get DSI up to speed on – on the matters 6 at Highland. So I can't see us redacting at 7 that point. 8 MR. RUKAVINA: Mr. Nguyen, will you 9 please pull up Mr. Morris' Exhibit 36. 10 Just the very first page, the very top 11 email. You might zoom in a little bit.
1 WATERHOUSE - 10-19-21 2 affiliates for Affiliate Note A, B, and C would 3 have been listed there? 4 A. Are you asking we provided the names 5 to the financial advisor? I don't — I don't 6 understand who the financial advisor is. 7 Q. I'm sorry, DSI. 8 Let me ask the question this way, 9 Mr. Waterhouse. 10 Whenever you provided information 11 about the affiliate notes to DSI, do you 12 believe that you would have included the actual 13 names of the affiliates, you or your team, or 14 that you would have done the Affiliate Note A,	1 WATERHOUSE - 10-19-21 2 I mean, it was — our job and our 3 focus — and I testified in court back in 2019; 4 right — was — was to be transparent and, you 5 know, get DSI up to speed on — on the matters 6 at Highland. So I can't see us redacting at 7 that point. 8 MR. RUKAVINA: Mr. Nguyen, will you 9 please pull up Mr. Morris' Exhibit 36. 10 Just the very first page, the very top 11 email. You might zoom in a little bit. 12 Q. Now, you recall being asked about 13 this by Mr. Morris? 14 A. Yes, I do.
1 WATERHOUSE - 10-19-21 2 affiliates for Affiliate Note A, B, and C would 3 have been listed there? 4 A. Are you asking we provided the names 5 to the financial advisor? I don't — I don't 6 understand who the financial advisor is. 7 Q. I'm sorry, DSI. 8 Let me ask the question this way, 9 Mr. Waterhouse. 10 Whenever you provided information 11 about the affiliate notes to DSI, do you 12 believe that you would have included the actual 13 names of the affiliates, you or your team, or 14 that you would have done the Affiliate Note A, 15 Note B, Note C?	1 WATERHOUSE - 10-19-21 2 I mean, it was – our job and our 3 focus – and I testified in court back in 2019; 4 right – was – was to be transparent and, you 5 know, get DSI up to speed on – on the matters 6 at Highland. So I can't see us redacting at 7 that point. 8 MR. RUKAVINA: Mr. Nguyen, will you 9 please pull up Mr. Morris' Exhibit 36. 10 Just the very first page, the very top 11 email. You might zoom in a little bit. 12 Q. Now, you recall being asked about 13 this by Mr. Morris?
1 WATERHOUSE - 10-19-21 2 affiliates for Affiliate Note A, B, and C would 3 have been listed there? 4 A. Are you asking we provided the names 5 to the financial advisor? I don't — I don't 6 understand who the financial advisor is. 7 Q. I'm sorry, DSI. 8 Let me ask the question this way, 9 Mr. Waterhouse. 10 Whenever you provided information 11 about the affiliate notes to DSI, do you 12 believe that you would have included the actual 13 names of the affiliates, you or your team, or 14 that you would have done the Affiliate Note A, 15 Note B, Note C? 16 MR. MORRIS: Objection to the form	1 WATERHOUSE - 10-19-21 2 I mean, it was — our job and our 3 focus — and I testified in court back in 2019; 4 right — was — was to be transparent and, you 5 know, get DSI up to speed on — on the matters 6 at Highland. So I can't see us redacting at 7 that point. 8 MR. RUKAVINA: Mr. Nguyen, will you 9 please pull up Mr. Morris' Exhibit 36. 10 Just the very first page, the very top 11 email. You might zoom in a little bit. 12 Q. Now, you recall being asked about 13 this by Mr. Morris? 14 A. Yes, I do.
1 WATERHOUSE - 10-19-21 2 affiliates for Affiliate Note A, B, and C would 3 have been listed there? 4 A. Are you asking we provided the names 5 to the financial advisor? I don't — I don't 6 understand who the financial advisor is. 7 Q. I'm sorry, DSI. 8 Let me ask the question this way, 9 Mr. Waterhouse. 10 Whenever you provided information 11 about the affiliate notes to DSI, do you 12 believe that you would have included the actual 13 names of the affiliates, you or your team, or 14 that you would have done the Affiliate Note A, 15 Note B, Note C? 16 MR. MORRIS: Objection to the form 17 of the question.	1 WATERHOUSE - 10-19-21 2 I mean, it was – our job and our 3 focus – and I testified in court back in 2019; 4 right – was – was to be transparent and, you 5 know, get DSI up to speed on – on the matters 6 at Highland. So I can't see us redacting at 7 that point. 8 MR. RUKAVINA: Mr. Nguyen, will you 9 please pull up Mr. Morris' Exhibit 36. 10 Just the very first page, the very top 11 email. You might zoom in a little bit. 12 Q. Now, you recall being asked about 13 this by Mr. Morris? 14 A. Yes, I do. 15 Q. And you wrote: The HCMFA note is a
1 WATERHOUSE - 10-19-21 2 affiliates for Affiliate Note A, B, and C would 3 have been listed there? 4 A. Are you asking we provided the names 5 to the financial advisor? I don't — I don't 6 understand who the financial advisor is. 7 Q. I'm sorry, DSI. 8 Let me ask the question this way, 9 Mr. Waterhouse. 10 Whenever you provided information 11 about the affiliate notes to DSI, do you 12 believe that you would have included the actual 13 names of the affiliates, you or your team, or 14 that you would have done the Affiliate Note A, 15 Note B, Note C? 16 MR. MORRIS: Objection to the form 17 of the question. 18 MS. DANDENEAU: Objection to the	1 WATERHOUSE - 10-19-21 2 I mean, it was – our job and our 3 focus – and I testified in court back in 2019; 4 right – was – was to be transparent and, you 5 know, get DSI up to speed on – on the matters 6 at Highland. So I can't see us redacting at 7 that point. 8 MR. RUKAVINA: Mr. Nguyen, will you 9 please pull up Mr. Morris' Exhibit 36. 10 Just the very first page, the very top 11 email. You might zoom in a little bit. 12 Q. Now, you recall being asked about 13 this by Mr. Morris? 14 A. Yes, I do. 15 Q. And you wrote: The HCMFA note is a 16 demand note.
1 WATERHOUSE - 10-19-21 2 affiliates for Affiliate Note A, B, and C would 3 have been listed there? 4 A. Are you asking we provided the names 5 to the financial advisor? I don't — I don't 6 understand who the financial advisor is. 7 Q. I'm sorry, DSI. 8 Let me ask the question this way, 9 Mr. Waterhouse. 10 Whenever you provided information 11 about the affiliate notes to DSI, do you 12 believe that you would have included the actual 13 names of the affiliates, you or your team, or 14 that you would have done the Affiliate Note A, 15 Note B, Note C? 16 MR. MORRIS: Objection to the form 17 of the question. 18 MS. DANDENEAU: Objection to the	1 WATERHOUSE - 10-19-21 2 I mean, it was – our job and our 3 focus – and I testified in court back in 2019; 4 right – was – was to be transparent and, you 5 know, get DSI up to speed on – on the matters 6 at Highland. So I can't see us redacting at 7 that point. 8 MR. RUKAVINA: Mr. Nguyen, will you 9 please pull up Mr. Morris' Exhibit 36. 10 Just the very first page, the very top 11 email. You might zoom in a little bit. 12 Q. Now, you recall being asked about 13 this by Mr. Morris? 14 A. Yes, I do. 15 Q. And you wrote: The HCMFA note is a 16 demand note. 17 You wrote that; right? 18 A. Yes. 19 Q. And, in fact, weren't there by that
1 WATERHOUSE - 10-19-21 2 affiliates for Affiliate Note A, B, and C would 3 have been listed there? 4 A. Are you asking we provided the names 5 to the financial advisor? I don't — I don't 6 understand who the financial advisor is. 7 Q. I'm sorry, DSI. 8 Let me ask the question this way, 9 Mr. Waterhouse. 10 Whenever you provided information 11 about the affiliate notes to DSI, do you 12 believe that you would have included the actual 13 names of the affiliates, you or your team, or 14 that you would have done the Affiliate Note A, 15 Note B, Note C? 16 MR. MORRIS: Objection to the form 17 of the question. 18 MS. DANDENEAU: Objection to the 19 form. 20 A. We – like I testified earlier, when	1 WATERHOUSE - 10-19-21 2 I mean, it was – our job and our 3 focus – and I testified in court back in 2019; 4 right – was – was to be transparent and, you 5 know, get DSI up to speed on – on the matters 6 at Highland. So I can't see us redacting at 7 that point. 8 MR. RUKAVINA: Mr. Nguyen, will you 9 please pull up Mr. Morris' Exhibit 36. 10 Just the very first page, the very top 11 email. You might zoom in a little bit. 12 Q. Now, you recall being asked about 13 this by Mr. Morris? 14 A. Yes, I do. 15 Q. And you wrote: The HCMFA note is a 16 demand note. 17 You wrote that; right? 18 A. Yes. 19 Q. And, in fact, weren't there by that 20 point in time several notes?
1 WATERHOUSE - 10-19-21 2 affiliates for Affiliate Note A, B, and C would 3 have been listed there? 4 A. Are you asking we provided the names 5 to the financial advisor? I don't — I don't 6 understand who the financial advisor is. 7 Q. I'm sorry, DSI. 8 Let me ask the question this way, 9 Mr. Waterhouse. 10 Whenever you provided information 11 about the affiliate notes to DSI, do you 12 believe that you would have included the actual 13 names of the affiliates, you or your team, or 14 that you would have done the Affiliate Note A, 15 Note B, Note C? 16 MR. MORRIS: Objection to the form 17 of the question. 18 MS. DANDENEAU: Objection to the 19 form. 20 A. We – like I testified earlier, when 21 we were – we gave everything to – to DSI. We	1 WATERHOUSE - 10-19-21 2 I mean, it was — our job and our 3 focus — and I testified in court back in 2019; 4 right — was — was to be transparent and, you 5 know, get DSI up to speed on — on the matters 6 at Highland. So I can't see us redacting at 7 that point. 8 MR. RUKAVINA: Mr. Nguyen, will you 9 please pull up Mr. Morris' Exhibit 36. 10 Just the very first page, the very top 11 email. You might zoom in a little bit. 12 Q. Now, you recall being asked about 13 this by Mr. Morris? 14 A. Yes, I do. 15 Q. And you wrote: The HCMFA note is a 16 demand note. 17 You wrote that; right? 18 A. Yes. 19 Q. And, in fact, weren't there by that 20 point in time several notes? 21 A. Yes, there were. Again, I don't —
1 WATERHOUSE - 10-19-21 2 affiliates for Affiliate Note A, B, and C would 3 have been listed there? 4 A. Are you asking we provided the names 5 to the financial advisor? I don't — I don't 6 understand who the financial advisor is. 7 Q. I'm sorry, DSI. 8 Let me ask the question this way, 9 Mr. Waterhouse. 10 Whenever you provided information 11 about the affiliate notes to DSI, do you 12 believe that you would have included the actual 13 names of the affiliates, you or your team, or 14 that you would have done the Affiliate Note A, 15 Note B, Note C? 16 MR. MORRIS: Objection to the form 17 of the question. 18 MS. DANDENEAU: Objection to the 19 form. 20 A. We – like I testified earlier, when 21 we were – we gave everything to – to DSI. We 22 were giving all of our records, all of our	1 WATERHOUSE - 10-19-21 2 I mean, it was — our job and our 3 focus — and I testified in court back in 2019; 4 right — was — was to be transparent and, you 5 know, get DSI up to speed on — on the matters 6 at Highland. So I can't see us redacting at 7 that point. 8 MR. RUKAVINA: Mr. Nguyen, will you 9 please pull up Mr. Morris' Exhibit 36. 10 Just the very first page, the very top 11 email. You might zoom in a little bit. 12 Q. Now, you recall being asked about 13 this by Mr. Morris? 14 A. Yes, I do. 15 Q. And you wrote: The HCMFA note is a 16 demand note. 17 You wrote that; right? 18 A. Yes. 19 Q. And, in fact, weren't there by that 20 point in time several notes? 21 A. Yes, there were. Again, I don't — 22 I don't remember everything specifically. I
affiliates for Affiliate Note A, B, and C would have been listed there? A. Are you asking we provided the names to the financial advisor? I don't — I don't understand who the financial advisor is. Q. I'm sorry, DSI. Let me ask the question this way, Mr. Waterhouse. Whenever you provided information about the affiliate notes to DSI, do you believe that you would have included the actual names of the affiliates, you or your team, or that you would have done the Affiliate Note A, Note B, Note C? MR. MORRIS: Objection to the form of the question. MS. DANDENEAU: Objection to the form. A. We – like I testified earlier, when we were – we gave everything to – to DSI. We were giving all of our records, all of our files, everything to DSI. We weren't redacting	1 WATERHOUSE - 10-19-21 2 I mean, it was — our job and our 3 focus — and I testified in court back in 2019; 4 right — was — was to be transparent and, you 5 know, get DSI up to speed on — on the matters 6 at Highland. So I can't see us redacting at 7 that point. 8 MR. RUKAVINA: Mr. Nguyen, will you 9 please pull up Mr. Morris' Exhibit 36. 10 Just the very first page, the very top 11 email. You might zoom in a little bit. 12 Q. Now, you recall being asked about 13 this by Mr. Morris? 14 A. Yes, I do. 15 Q. And you wrote: The HCMFA note is a 16 demand note. 17 You wrote that; right? 18 A. Yes. 19 Q. And, in fact, weren't there by that 20 point in time several notes? 21 A. Yes, there were. Again, I don't — 22 I don't remember everything specifically. I 23 mean —
1 WATERHOUSE - 10-19-21 2 affiliates for Affiliate Note A, B, and C would 3 have been listed there? 4 A. Are you asking we provided the names 5 to the financial advisor? I don't — I don't 6 understand who the financial advisor is. 7 Q. I'm sorry, DSI. 8 Let me ask the question this way, 9 Mr. Waterhouse. 10 Whenever you provided information 11 about the affiliate notes to DSI, do you 12 believe that you would have included the actual 13 names of the affiliates, you or your team, or 14 that you would have done the Affiliate Note A, 15 Note B, Note C? 16 MR. MORRIS: Objection to the form 17 of the question. 18 MS. DANDENEAU: Objection to the 19 form. 20 A. We – like I testified earlier, when 21 we were — we gave everything to — to DSI. We 22 were giving all of our records, all of our 23 files, everything to DSI. We weren't redacting 24 information or saying, hey, here is a note,	1 WATERHOUSE - 10-19-21 2 I mean, it was — our job and our 3 focus — and I testified in court back in 2019; 4 right — was — was to be transparent and, you 5 know, get DSI up to speed on — on the matters 6 at Highland. So I can't see us redacting at 7 that point. 8 MR. RUKAVINA: Mr. Nguyen, will you 9 please pull up Mr. Morris' Exhibit 36. 10 Just the very first page, the very top 11 email. You might zoom in a little bit. 12 Q. Now, you recall being asked about 13 this by Mr. Morris? 14 A. Yes, I do. 15 Q. And you wrote: The HCMFA note is a 16 demand note. 17 You wrote that; right? 18 A. Yes. 19 Q. And, in fact, weren't there by that 20 point in time several notes? 21 A. Yes, there were. Again, I don't — 22 I don't remember everything specifically. I 23 mean — 24 Q. I understand. I understand.
affiliates for Affiliate Note A, B, and C would have been listed there? A. Are you asking we provided the names to the financial advisor? I don't — I don't understand who the financial advisor is. Q. I'm sorry, DSI. Let me ask the question this way, Mr. Waterhouse. Whenever you provided information about the affiliate notes to DSI, do you believe that you would have included the actual names of the affiliates, you or your team, or that you would have done the Affiliate Note A, Note B, Note C? MR. MORRIS: Objection to the form of the question. MS. DANDENEAU: Objection to the form. A. We – like I testified earlier, when we were – we gave everything to – to DSI. We were giving all of our records, all of our files, everything to DSI. We weren't redacting	1 WATERHOUSE - 10-19-21 2 I mean, it was — our job and our 3 focus — and I testified in court back in 2019; 4 right — was — was to be transparent and, you 5 know, get DSI up to speed on — on the matters 6 at Highland. So I can't see us redacting at 7 that point. 8 MR. RUKAVINA: Mr. Nguyen, will you 9 please pull up Mr. Morris' Exhibit 36. 10 Just the very first page, the very top 11 email. You might zoom in a little bit. 12 Q. Now, you recall being asked about 13 this by Mr. Morris? 14 A. Yes, I do. 15 Q. And you wrote: The HCMFA note is a 16 demand note. 17 You wrote that; right? 18 A. Yes. 19 Q. And, in fact, weren't there by that 20 point in time several notes? 21 A. Yes, there were. Again, I don't — 22 I don't remember everything specifically. I 23 mean —

		D 045
1 WATERHOUSE - 10-19-21	Page 314 1 WATERHOUSE - 10-19-21	Page 315
2 you might have made a mistake by referring to a	2 you signed were demand notes; right?	
3 singular instead of a plural; right?	3 A. Yes.	
4 A. Yes.	4 Q. Do you find it logical, based on	
5 Q. Okay. And you – you wrote – a	5 your experience, that had they intended to have	
6 couple of sentences later, you wrote: There	6 a different or a set maturity date, you would	
7 was an agreement between HCMLP and HCMFA the	7 have instructed that that set maturity date be	
8 earliest they could demand is May 2021.	8 included instead of a demand feature?	
9 You wrote that; right?	9 MR. MORRIS: Objection to the form	
10 A. Yes.	10 of the question.	
11 Q. But I think you – you agreed with	11 A. Sorry, just want to make sure I	
12 Mr. Morris that that can't possibly apply to	12 understand. You are saying that – that the	
13 the May 2019 notes, can it?	13 \$5 million note, the \$2.4 million note, if	
14 MR. MORRIS: Objection to the form	14 those were supposed to be a term note, that I	
15 of the question. That is not what he	15 would have made sure that those were a term	
16 testified to.	16 note?	
17 Q. Let me ask – let me ask a different	17 Q. I'm saying – I'm saying,	
18 question.	18 Mr. Waterhouse, that on May the 2nd and May the	
19 Sitting here today – or if you can	19 3rd, 2019, if you intended that those two	
20 answer me from your memory on October 6,	20 promissory notes could not be called until May	
21 2020 – did the April acknowledgment that	21 2021, would you have included such language in	
22 extended the maturity date apply to the	22 those two promissory notes?	
23 May 2019 notes also?	23 MR. MORRIS: Objection to the form	
24 A. I don't recall specifically.	24 of the question.	
25 Q. Well, you recall that the notes that	25 A. I guess – I'm sorry, I don't recall	
P	Page 316	Page 317
1 WATERHOUSE - 10-19-21	Page 316 1 WATERHOUSE - 10-19-21	Page 317
1 WATERHOUSE - 10-19-21 2 putting language in those May notes. I don't		Page 317
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21	Page 317
1 WATERHOUSE - 10-19-21 2 putting language in those May notes. I don't	1 WATERHOUSE - 10-19-21 2 MR. RUKAVINA: You can pull this	Page 317
WATERHOUSE - 10-19-21 putting language in those May notes. I don't remember what language you are referring to.	1 WATERHOUSE - 10-19-21 2 MR. RUKAVINA: You can pull this 3 down, Mr. Nguyen.	Page 317
WATERHOUSE - 10-19-21 putting language in those May notes. I don't remember what language you are referring to. Q. Well, let's read this again.	 WATERHOUSE - 10-19-21 MR. RUKAVINA: You can pull this down, Mr. Nguyen. Q. So, Mr. Waterhouse, you don't 	Page 317
WATERHOUSE - 10-19-21 putting language in those May notes. I don't remember what language you are referring to. Q. Well, let's read this again. There was an agreement between HCMLP	 WATERHOUSE - 10-19-21 MR. RUKAVINA: You can pull this down, Mr. Nguyen. Q. So, Mr. Waterhouse, you don't remember Mr. Dondero telling you to make these 	Page 317
WATERHOUSE - 10-19-21 putting language in those May notes. I don't remember what language you are referring to. Q. Well, let's read this again. There was an agreement between HCMLP and HCMFA the earliest they could demand is May	 WATERHOUSE - 10-19-21 MR. RUKAVINA: You can pull this down, Mr. Nguyen. Q. So, Mr. Waterhouse, you don't remember Mr. Dondero telling you to make these loans or not. HCMLP was loaning \$7.4 million 	Page 317
1 WATERHOUSE - 10-19-21 2 putting language in those May notes. I don't 3 remember what language you are referring to. 4 Q. Well, let's read this again. 5 There was an agreement between HCMLP 6 and HCMFA the earliest they could demand is May 7 2021.	 WATERHOUSE - 10-19-21 MR. RUKAVINA: You can pull this down, Mr. Nguyen. Q. So, Mr. Waterhouse, you don't remember Mr. Dondero telling you to make these loans or not. HCMLP was loaning \$7.4 million to someone that their assets were less than 	Page 317
1 WATERHOUSE - 10-19-21 2 putting language in those May notes. I don't 3 remember what language you are referring to. 4 Q. Well, let's read this again. 5 There was an agreement between HCMLP 6 and HCMFA the earliest they could demand is May 7 2021. 8 Do you recall that agreement?	1 WATERHOUSE - 10-19-21 2 MR. RUKAVINA: You can pull this 3 down, Mr. Nguyen. 4 Q. So, Mr. Waterhouse, you don't 5 remember Mr. Dondero telling you to make these 6 loans or not. HCMLP was loaning \$7.4 million 7 to someone that their assets were less than 8 their liabilities.	Page 317
1 WATERHOUSE - 10-19-21 2 putting language in those May notes. I don't 3 remember what language you are referring to. 4 Q. Well, let's read this again. 5 There was an agreement between HCMLP 6 and HCMFA the earliest they could demand is May 7 2021. 8 Do you recall that agreement? 9 A. Yes, that was the agreement we	1 WATERHOUSE - 10-19-21 2 MR. RUKAVINA: You can pull this 3 down, Mr. Nguyen. 4 Q. So, Mr. Waterhouse, you don't 5 remember Mr. Dondero telling you to make these 6 loans or not. HCMLP was loaning \$7.4 million 7 to someone that their assets were less than 8 their liabilities. 9 We don't see on the July list of	Page 317
1 WATERHOUSE - 10-19-21 2 putting language in those May notes. I don't 3 remember what language you are referring to. 4 Q. Well, let's read this again. 5 There was an agreement between HCMLP 6 and HCMFA the earliest they could demand is May 7 2021. 8 Do you recall that agreement? 9 A. Yes, that was the agreement we 10 looked at earlier; correct?	1 WATERHOUSE - 10-19-21 2 MR. RUKAVINA: You can pull this 3 down, Mr. Nguyen. 4 Q. So, Mr. Waterhouse, you don't 5 remember Mr. Dondero telling you to make these 6 loans or not. HCMLP was loaning \$7.4 million 7 to someone that their assets were less than 8 their liabilities. 9 We don't see on the July list of 10 notes, where there is \$12.7 million of notes,	Page 317
1 WATERHOUSE - 10-19-21 2 putting language in those May notes. I don't 3 remember what language you are referring to. 4 Q. Well, let's read this again. 5 There was an agreement between HCMLP 6 and HCMFA the earliest they could demand is May 7 2021. 8 Do you recall that agreement? 9 A. Yes, that was the agreement we 10 looked at earlier; correct? 11 Q. Okay. Yes.	1 WATERHOUSE - 10-19-21 2 MR. RUKAVINA: You can pull this 3 down, Mr. Nguyen. 4 Q. So, Mr. Waterhouse, you don't 5 remember Mr. Dondero telling you to make these 6 loans or not. HCMLP was loaning \$7.4 million 7 to someone that their assets were less than 8 their liabilities. 9 We don't see on the July list of 10 notes, where there is \$12.7 million of notes, 11 we don't see that on the bankruptcy schedules,	Page 317
1 WATERHOUSE - 10-19-21 2 putting language in those May notes. I don't 3 remember what language you are referring to. 4 Q. Well, let's read this again. 5 There was an agreement between HCMLP 6 and HCMFA the earliest they could demand is May 7 2021. 8 Do you recall that agreement? 9 A. Yes, that was the agreement we 10 looked at earlier; correct? 11 Q. Okay. Yes. 12 Do you – do you understand now that	1 WATERHOUSE - 10-19-21 2 MR. RUKAVINA: You can pull this 3 down, Mr. Nguyen. 4 Q. So, Mr. Waterhouse, you don't 5 remember Mr. Dondero telling you to make these 6 loans or not. HCMLP was loaning \$7.4 million 7 to someone that their assets were less than 8 their liabilities. 9 We don't see on the July list of 10 notes, where there is \$12.7 million of notes, 11 we don't see that on the bankruptcy schedules, 12 and we have this Exhibit 36 where you are	Page 317
1 WATERHOUSE - 10-19-21 2 putting language in those May notes. I don't 3 remember what language you are referring to. 4 Q. Well, let's read this again. 5 There was an agreement between HCMLP 6 and HCMFA the earliest they could demand is May 7 2021. 8 Do you recall that agreement? 9 A. Yes, that was the agreement we 10 looked at earlier; correct? 11 Q. Okay. Yes. 12 Do you – do you understand now that 13 that agreement that we looked at earlier also	1 WATERHOUSE - 10-19-21 2 MR. RUKAVINA: You can pull this 3 down, Mr. Nguyen. 4 Q. So, Mr. Waterhouse, you don't 5 remember Mr. Dondero telling you to make these 6 loans or not. HCMLP was loaning \$7.4 million 7 to someone that their assets were less than 8 their liabilities. 9 We don't see on the July list of 10 notes, where there is \$12.7 million of notes, 11 we don't see that on the bankruptcy schedules, 12 and we have this Exhibit 36 where you are 13 confused.	Page 317
1 WATERHOUSE - 10-19-21 2 putting language in those May notes. I don't 3 remember what language you are referring to. 4 Q. Well, let's read this again. 5 There was an agreement between HCMLP 6 and HCMFA the earliest they could demand is May 7 2021. 8 Do you recall that agreement? 9 A. Yes, that was the agreement we 10 looked at earlier; correct? 11 Q. Okay. Yes. 12 Do you – do you understand now that 13 that agreement that we looked at earlier also 14 applied to the May 2019 notes that you signed?	1 WATERHOUSE - 10-19-21 2 MR. RUKAVINA: You can pull this 3 down, Mr. Nguyen. 4 Q. So, Mr. Waterhouse, you don't 5 remember Mr. Dondero telling you to make these 6 loans or not. HCMLP was loaning \$7.4 million 7 to someone that their assets were less than 8 their liabilities. 9 We don't see on the July list of 10 notes, where there is \$12.7 million of notes, 11 we don't see that on the bankruptcy schedules, 12 and we have this Exhibit 36 where you are 13 confused. 14 Are you prepared to tell me, sir,	Page 317
1 WATERHOUSE - 10-19-21 2 putting language in those May notes. I don't 3 remember what language you are referring to. 4 Q. Well, let's read this again. 5 There was an agreement between HCMLP 6 and HCMFA the earliest they could demand is May 7 2021. 8 Do you recall that agreement? 9 A. Yes, that was the agreement we 10 looked at earlier; correct? 11 Q. Okay. Yes. 12 Do you – do you understand now that 13 that agreement that we looked at earlier also 14 applied to the May 2019 notes that you signed? 15 A. I don't – I don't know.	1 WATERHOUSE - 10-19-21 2 MR. RUKAVINA: You can pull this 3 down, Mr. Nguyen. 4 Q. So, Mr. Waterhouse, you don't 5 remember Mr. Dondero telling you to make these 6 loans or not. HCMLP was loaning \$7.4 million 7 to someone that their assets were less than 8 their liabilities. 9 We don't see on the July list of 10 notes, where there is \$12.7 million of notes, 11 we don't see that on the bankruptcy schedules, 12 and we have this Exhibit 36 where you are 13 confused. 14 Are you prepared to tell me, sir, 15 today that you might have made a mistake in	Page 317
1 WATERHOUSE - 10-19-21 2 putting language in those May notes. I don't 3 remember what language you are referring to. 4 Q. Well, let's read this again. 5 There was an agreement between HCMLP 6 and HCMFA the earliest they could demand is May 7 2021. 8 Do you recall that agreement? 9 A. Yes, that was the agreement we 10 looked at earlier; correct? 11 Q. Okay. Yes. 12 Do you – do you understand now that 13 that agreement that we looked at earlier also 14 applied to the May 2019 notes that you signed? 15 A. I don't – I don't know. 16 Q. But as of October 6, 2020, you're	1 WATERHOUSE - 10-19-21 2 MR. RUKAVINA: You can pull this 3 down, Mr. Nguyen. 4 Q. So, Mr. Waterhouse, you don't 5 remember Mr. Dondero telling you to make these 6 loans or not. HCMLP was loaning \$7.4 million 7 to someone that their assets were less than 8 their liabilities. 9 We don't see on the July list of 10 notes, where there is \$12.7 million of notes, 11 we don't see that on the bankruptcy schedules, 12 and we have this Exhibit 36 where you are 13 confused. 14 Are you prepared to tell me, sir, 15 today that you might have made a mistake in 16 executing those two promissory notes?	Page 317
1 WATERHOUSE - 10-19-21 2 putting language in those May notes. I don't 3 remember what language you are referring to. 4 Q. Well, let's read this again. 5 There was an agreement between HCMLP 6 and HCMFA the earliest they could demand is May 7 2021. 8 Do you recall that agreement? 9 A. Yes, that was the agreement we 10 looked at earlier; correct? 11 Q. Okay. Yes. 12 Do you – do you understand now that 13 that agreement that we looked at earlier also 14 applied to the May 2019 notes that you signed? 15 A. I don't – I don't know. 16 Q. But as of October 6, 2020, you're 17 writing that there is one demand note and	1 WATERHOUSE - 10-19-21 2 MR. RUKAVINA: You can pull this 3 down, Mr. Nguyen. 4 Q. So, Mr. Waterhouse, you don't 5 remember Mr. Dondero telling you to make these 6 loans or not. HCMLP was loaning \$7.4 million 7 to someone that their assets were less than 8 their liabilities. 9 We don't see on the July list of 10 notes, where there is \$12.7 million of notes, 11 we don't see that on the bankruptcy schedules, 12 and we have this Exhibit 36 where you are 13 confused. 14 Are you prepared to tell me, sir, 15 today that you might have made a mistake in 16 executing those two promissory notes? 17 MR. MORRIS: Objection to the form	Page 317
1 WATERHOUSE - 10-19-21 2 putting language in those May notes. I don't 3 remember what language you are referring to. 4 Q. Well, let's read this again. 5 There was an agreement between HCMLP 6 and HCMFA the earliest they could demand is May 7 2021. 8 Do you recall that agreement? 9 A. Yes, that was the agreement we 10 looked at earlier; correct? 11 Q. Okay. Yes. 12 Do you – do you understand now that 13 that agreement that we looked at earlier also 14 applied to the May 2019 notes that you signed? 15 A. I don't – I don't know. 16 Q. But as of October 6, 2020, you're 17 writing that there is one demand note and 18 you're categorizing that demand note as not	MR. RUKAVINA: You can pull this down, Mr. Nguyen. Q. So, Mr. Waterhouse, you don't remember Mr. Dondero telling you to make these loans or not. HCMLP was loaning \$7.4 million to someone that their assets were less than their liabilities. We don't see on the July list of notes, where there is \$12.7 million of notes, we don't see that on the bankruptcy schedules, and we have this Exhibit 36 where you are confused. Are you prepared to tell me, sir, today that you might have made a mistake in executing those two promissory notes? MR. MORRIS: Objection to the form of the question.	Page 317
1 WATERHOUSE - 10-19-21 2 putting language in those May notes. I don't 3 remember what language you are referring to. 4 Q. Well, let's read this again. 5 There was an agreement between HCMLP 6 and HCMFA the earliest they could demand is May 7 2021. 8 Do you recall that agreement? 9 A. Yes, that was the agreement we 10 looked at earlier; correct? 11 Q. Okay. Yes. 12 Do you – do you understand now that 13 that agreement that we looked at earlier also 14 applied to the May 2019 notes that you signed? 15 A. I don't – I don't know. 16 Q. But as of October 6, 2020, you're 17 writing that there is one demand note and 18 you're categorizing that demand note as not 19 being demandable on May 2021; correct?	MR. RUKAVINA: You can pull this down, Mr. Nguyen. Q. So, Mr. Waterhouse, you don't remember Mr. Dondero telling you to make these loans or not. HCMLP was loaning \$7.4 million to someone that their assets were less than their liabilities. We don't see on the July list of notes, where there is \$12.7 million of notes, we don't see that on the bankruptcy schedules, and we have this Exhibit 36 where you are confused. Are you prepared to tell me, sir, today that you might have made a mistake in executing those two promissory notes? MR. MORRIS: Objection to the form of the question.	Page 317
1 WATERHOUSE - 10-19-21 2 putting language in those May notes. I don't 3 remember what language you are referring to. 4 Q. Well, let's read this again. 5 There was an agreement between HCMLP 6 and HCMFA the earliest they could demand is May 7 2021. 8 Do you recall that agreement? 9 A. Yes, that was the agreement we 10 looked at earlier; correct? 11 Q. Okay. Yes. 12 Do you – do you understand now that 13 that agreement that we looked at earlier also 14 applied to the May 2019 notes that you signed? 15 A. I don't – I don't know. 16 Q. But as of October 6, 2020, you're 17 writing that there is one demand note and 18 you're categorizing that demand note as not 19 being demandable on May 2021; correct? 20 A. Yes.	MR. RUKAVINA: You can pull this down, Mr. Nguyen. Q. So, Mr. Waterhouse, you don't remember Mr. Dondero telling you to make these loans or not. HCMLP was loaning \$7.4 million to someone that their assets were less than their liabilities. We don't see on the July list of notes, where there is \$12.7 million of notes, we don't see that on the bankruptcy schedules, and we have this Exhibit 36 where you are confused. Are you prepared to tell me, sir, today that you might have made a mistake in executing those two promissory notes? MR. MORRIS: Objection to the form of the question. A. I – I don't know. Q. And if it turns out that you're	Page 317
1 WATERHOUSE - 10-19-21 2 putting language in those May notes. I don't 3 remember what language you are referring to. 4 Q. Well, let's read this again. 5 There was an agreement between HCMLP 6 and HCMFA the earliest they could demand is May 7 2021. 8 Do you recall that agreement? 9 A. Yes, that was the agreement we 10 looked at earlier; correct? 11 Q. Okay. Yes. 12 Do you – do you understand now that 13 that agreement that we looked at earlier also 14 applied to the May 2019 notes that you signed? 15 A. I don't – I don't know. 16 Q. But as of October 6, 2020, you're 17 writing that there is one demand note and 18 you're categorizing that demand note as not 19 being demandable on May 2021; correct? 20 A. Yes. 21 Q. And you know now that you made at	MR. RUKAVINA: You can pull this down, Mr. Nguyen. Q. So, Mr. Waterhouse, you don't remember Mr. Dondero telling you to make these loans or not. HCMLP was loaning \$7.4 million to someone that their assets were less than their liabilities. We don't see on the July list of notes, where there is \$12.7 million of notes, we don't see that on the bankruptcy schedules, and we have this Exhibit 36 where you are confused. Are you prepared to tell me, sir, today that you might have made a mistake in executing those two promissory notes? MR. MORRIS: Objection to the form of the question. A. I – I don't know. Q. And if it turns out that you're personally liable for those promissory notes,	Page 317
1 WATERHOUSE - 10-19-21 2 putting language in those May notes. I don't 3 remember what language you are referring to. 4 Q. Well, let's read this again. 5 There was an agreement between HCMLP 6 and HCMFA the earliest they could demand is May 7 2021. 8 Do you recall that agreement? 9 A. Yes, that was the agreement we 10 looked at earlier; correct? 11 Q. Okay. Yes. 12 Do you – do you understand now that 13 that agreement that we looked at earlier also 14 applied to the May 2019 notes that you signed? 15 A. I don't – I don't know. 16 Q. But as of October 6, 2020, you're 17 writing that there is one demand note and 18 you're categorizing that demand note as not 19 being demandable on May 2021; correct? 20 A. Yes. 21 Q. And you know now that you made at 22 least one mistake in this email; correct?	1 WATERHOUSE - 10-19-21 2 MR. RUKAVINA: You can pull this 3 down, Mr. Nguyen. 4 Q. So, Mr. Waterhouse, you don't 5 remember Mr. Dondero telling you to make these 6 loans or not. HCMLP was loaning \$7.4 million 7 to someone that their assets were less than 8 their liabilities. 9 We don't see on the July list of 10 notes, where there is \$12.7 million of notes, 11 we don't see that on the bankruptcy schedules, 12 and we have this Exhibit 36 where you are 13 confused. 14 Are you prepared to tell me, sir, 15 today that you might have made a mistake in 16 executing those two promissory notes? 17 MR. MORRIS: Objection to the form 18 of the question. 19 A. I – I don't know. 20 Q. And if it turns out that you're 21 personally liable for those promissory notes, 22 it would certainly be a mistake, wouldn't it?	Page 317
1 WATERHOUSE - 10-19-21 2 putting language in those May notes. I don't 3 remember what language you are referring to. 4 Q. Well, let's read this again. 5 There was an agreement between HCMLP 6 and HCMFA the earliest they could demand is May 7 2021. 8 Do you recall that agreement? 9 A. Yes, that was the agreement we 10 looked at earlier; correct? 11 Q. Okay. Yes. 12 Do you – do you understand now that 13 that agreement that we looked at earlier also 14 applied to the May 2019 notes that you signed? 15 A. I don't – I don't know. 16 Q. But as of October 6, 2020, you're 17 writing that there is one demand note and 18 you're categorizing that demand note as not 19 being demandable on May 2021; correct? 20 A. Yes. 21 Q. And you know now that you made at 22 least one mistake in this email; correct? 23 MR. MORRIS: Objection to the form	1 WATERHOUSE - 10-19-21 2 MR. RUKAVINA: You can pull this 3 down, Mr. Nguyen. 4 Q. So, Mr. Waterhouse, you don't 5 remember Mr. Dondero telling you to make these 6 loans or not. HCMLP was loaning \$7.4 million 7 to someone that their assets were less than 8 their liabilities. 9 We don't see on the July list of 10 notes, where there is \$12.7 million of notes, 11 we don't see that on the bankruptcy schedules, 12 and we have this Exhibit 36 where you are 13 confused. 14 Are you prepared to tell me, sir, 15 today that you might have made a mistake in 16 executing those two promissory notes? 17 MR. MORRIS: Objection to the form 18 of the question. 19 A. I – I don't know. 20 Q. And if it turns out that you're 21 personally liable for those promissory notes, 22 it would certainly be a mistake, wouldn't it? 23 MS. DANDENEAU: Objection to the	Page 317

WATERHOUSE - 10-19-21		
2 know. I don't know how I disagree with that. 3 Q. And just to confirm, you don't 4 memer bot if you to make these loans, would you 5 disagree with his testimonry? 5 should have two promissory notes prepared? 6 MR MORRIS: Objection to the form 7 of the question. 7 Q. And you don't remember discussing 8 A. Like I testified earlier with my 9 conversation with Mr. Dondero, all I recall is 10 he said, get the money from Highland. 11 Q. And if Mr. Dondero testifies that 11 Q. And if Mr. Dondero testifies that 11 per just the money from Highland. 11 Q. And if Mr. Dondero testifies that 11 recall is he said, get the money from Highland. 12 I don't recall ever having a discussion around 13 at Highland, decided that Highland needed to 13 at Highland, decided that Highland needed to 14 pay HCMFA 37 amilion as compensation for the 15 NAV error and not a loan, would you have any 16 reason to disagree with Mr. Dondero? 16 reason to disagree with Mr. Dondero? 17 MR MORRIS: Objection to the form 18 of the question. 18 after the notes were drafted, but before you 19 intent, yes, it would — look you have any reason to disagree 2 with him? 20 intent, yes, it would — look you have any reason to disagree 2 with him? 2 MR MORRIS: Objection to the form 2 of the question. 2 A if that was his intent, I don't 2 MR MORRIS: Objection to the form 3 of the question. 3 atting here today, was Mr. Dondero said, get 4 the morey from Highland, and that is it, that 5 is all you remember? 6 MR MGRIS: Objection to the form 7 of the question. 8 A I testified to that several times. 9 This was over two years ago. A lot has 11 heapend. That is all i recall. 12 Q. And help me here. I'm not very 12 technologically satile. When you — and I — I recognize that you do it rarely, but when you 13 leave at some point. I don't recall 14 what a server of the chart of the passion. 15 Q. What was your assistant's name in 16 having authorized or signed a document 16 herup. I don't recall specifically who		
3 Q. FMr. Dondero testifies that he 4 never told you to make three loans, would you 5 disagree with his testimony? 6 MR. MORRIS: Objection to the form 7 of the question. 8 A Like I testified earlier with my 9 conversation with Mr. Dondero, all I recall is 10 Les and, get the money from Highland. 11 Q. And if Mr. Dondero testifies that 12 he, in consultation with Mr. Dondero testifies that 13 thighting decided that Highland needed to 14 pay HCMFA 574 million as compensation for the 15 NAV error and not a loan, would you have any 16 reason to disagree with Mr. Dondero 17 MR. MORRIS: Objection to the form 18 of the question. 19 A If that was — if that was his 20 intent, yes, it would — I would — 21 Q. Do you have any reason to disagree 22 with him? 23 MR. MORRIS: Objection to the form 24 of the question. 25 A I fit hat was his intent, I don't 26 of the question. 27 MR. MORRIS: Objection to the form 28 MR. MORRIS: Objection to the form 29 of the question. 29 MR. MORRIS: Objection to the form 20 of the question. 20 MR. MORRIS: Objection to the form 21 MR. MORRIS: Objection to the form 22 with him? 23 MR. MORRIS: Objection to the form 24 of the question. 25 A I fit hat was his intent, I don't 26 of the question. 27 MR. MORRIS: Objection to the form 28 MR. MORRIS: Objection to the form 29 MR. MORRIS: Objection to the form 29 MR. MORRIS: Objection to the form 20 MR. MORRIS: Objection to the form 21 MR. MORRIS: Objection to the form 22 MR. MORRIS: Objection to the form 23 MR. MORRIS: Objection to the form 24 of the question. 25 A I don't recall. 26 Mr. Dondero in any way to just confirm nor — or 27 MR. MORRIS: Objection to the form 28 MR. MORRIS: Objection to the form 29 MR. MORRIS: Objection to the form 29 MR. MORRIS: Objection to the form 20 MR. MORRIS: Objection to the form 21 MR. MORRIS: Objection to the form 22 MR. MORRIS: Objection to the form 23 MR. MORRIS: Objection to the form 24 MR. MORRIS: Objection to the form 25 MR. MORRIS: Objection to the form 26 MR. MORRIS: Objection to the form 27 MR. MORRIS: Objection		
4 remember ever asking Mr. Dondero whether you 5 disagree with his testimony? 5 MR. MORRIS: Objection to the form 6 A. No. 7 of the question. 8 A. Like I testified earlier with my 9 conversation with Mr. Dondero, all I recall is 10 he said, get the money from Highland. 11 Q. And if Mr. Dondero testifies that 12 he, in consultation with other senior personnel 13 at Highland, decided that Highland needed to 14 pay HCMFA \$7.4 million as compensation for the 15 NAV error and not a loan, would you have any 16 reason to disagree with Mr. Dondero? 17 MR. MORRIS: Objection to the form 18 of the question. 19 A. If that was his 10 intent, vest, would — 21 Q. Do you have any reason to disagree 22 with him? 23 MR. MORRIS: Objection to the form 24 of the question. 25 A. If that was his intent, I don't 26 Q. Again, the only thing you remember, 27 Stiffup here. 28 MR. MORRIS: Objection to the form 29 of the question. 29 MR. MORRIS: Objection to the form 20 of the question. 20 MR. MORRIS: Objection to the form 21 Output have any reason to disagree 22 with him? 23 MR. MORRIS: Objection to the form 24 of the question. 25 A. If that was his intent, I don't 26 MR. MORRIS: Objection to the form 27 of the question. 28 MR. MORRIS: Objection to the form 29 of the question. 29 MR. MORRIS: Objection to the form 20 of the question. 20 Again, the only thing you remember, 21 the money from Highland, and that is it, that 23 isting here today, was MR. Dondero said, get 24 the money from Highland, and that is it, that 25 is all you remember? 26 MR. MORRIS: Objection to the form 27 of the question. 28 A. I testified to that several times. 30 This was over two years ago. A lot has 30 This papened. That is all I recall. 31 Q. And help me here. I'm not very 32 I the only one? I'm sorn, was 33 Singhare block and then email it out to 44 the money from Highland, and that is it, that 45 is all you remember? 46 MR. Workers, or the manual in the form 47 of the question. 48 A. I the filled to that several times. 49 This was over two years ago. A lot has		
5 disagree with his testimony? 6 MR MORRIS: Objection to the form 7 of the question. 7 of the question. 8 A Like Itestified earlier with my 9 conversation with Mr. Dondero, all recall is 10 he said, get the money from Highland. 11 Q. And if Mr. Dondero testifies that 11 recall is he said, get the money from Highland. 11 Q. And if Mr. Dondero testifies that 11 recall is he said, get the money from Highland. 12 I don't recall – I testified all I 13 at Highland, decided that Highland needed to 14 pay HCMFA 57 A million as compensation for the 14 PNAY error and not a loan, would you have any 16 reason to disagree with Mr. Dondero? 17 MR. MORRIS: Objection to the form 18 A I first was – if that was his 19 intent, yes, it would – I would – 20 Mr. Dondero is any reason to disagree 20 with him? 21 Q. Do you have any reason to disagree 22 with him? 23 MR. MORRIS: Objection to the form 24 of the question. 25 A If that was his intent, I don't 26 of the question. 27 Q. Do you have any reason to disagree 28 with him? 29 A MR. MORRIS: Objection to the form 29 of the question. 20 Again, the only thing you remember, 21 with pare today, was Mr. Dondero said, get 22 the money from Highland, and that is it, that 25 is all you remember? 26 MR. MORRIS: Objection to the form 27 A I twas Nasomi Chisum. 28 A I testified to that several times. 39 This was over two years ago. A lot has 30 payed and the mentall it out to 40 whether a party. 41 Was Nasomi Chisum. 42 A Cover have payed and the mentall it out to 43 signature block and then email it out to 44 whatever party. 55 is Quor on a converted place of the country of the country of the country of the payed of the p		
6 MR. MORRIS: Objection to the form 7 of the question. 8 A Like It lestified earlier with my 9 conversation with Mr. Dondero, all recall is 10 he said, get the money from Highland. 11 Q. And if Mr. Dondero testifies that 12 he, in consultation with other senior personnel 13 at Highland, decided that Highland needed to 14 pay HCMFA 574 million as compensation for the 15 NAV error and not a loan, would you have any 16 reason to disagree with Mr. Dondero? 17 MR. MORRIS: Objection to the form 18 of the question. 19 A. If that was – if that was his 10 intent, yes, it would – I would – 20 Do you have any reason to disagree 21 with him? 22 with him? 23 MR. MORRIS: Objection to the form 24 of the question. 25 A. If that was his intent, I don't 26 MR. MORRIS: Objection to the form 27 of the question. 28 MR. MORRIS: Objection to the form 29 of the question. 29 A. I don't recall even with other example in the form 21 Q. Do you have any reason to disagree 22 with him? 23 MR. MORRIS: Objection to the form 24 of the question. 25 A. I don't recall 26 MR. MORRIS: Objection to the form 27 of the question. 28 MR. MORRIS: Objection to the form 29 of the question. 29 Again, the only thing you remember, 30 sitting here today, was Mr. Dondero said, get 4 the money from Highland, 4 the money from Highland. 4 the terms of the note, but since I bon't been a 4 to conversation with other people later. 4 the notes, that – there could have been a 4 conversation with other people later. 5 In all the recovery drafted, but before you 5 gighed them, that you communicated with 6 MR. Dondero in any way to just confirm or – or 7 a. I get his blessing or ratification to signing 9 this blessing or ratification to signing 9 this blessing or ratification to signing 9 the sidnessing or ratification to signing 14 the money from Highland. 15 NATERHOUSE - 10-19-21 1 WATERHOUSE - 10-19-21 2 Q. Again, the only thing you remember, 3 sitting here today, was Mr. Dondero said, get 4 the money from Highland, and that is it, that 5 is all you remember? 5 MR. MOR		
7 Q. And you don't remember discussing 8 A Like I testified earlier with my 9 conversation with Mr. Dondero, all recall is 10 he said, get the money from Highland. 11 Q. And if Mr. Dondero testifies that 11 recall is he said, get the money from Highland. 11 Q. And if Mr. Dondero testifies that 11 recall is he said, get the money from Highland. 12 I don't the — the terms of the note, I 13 at Highland, decided that Highland needed to 13 don't recall — It estified all I 14 pay HCMFA \$7.4 million as compensation for the 15 NAV eror and not a loan, would you have any 16 reason to disagree with Mr. Dondero? 17 MR. MORRIS: Objection to the form 18 of the question. 19 A If that was—if that was his 20 intent, yes, it would — I would — 21 Q. Do you have any reason to disagree 22 with him? 23 MR. MORRIS: Objection to the form 24 of the question. 25 A If that was his intent, I don't 26 M. A If that was his intent, I don't 27 Q. Q. Do you have any reason to disagree 28 with him? 29 mark MORRIS: Objection to the form 29 of the question. 20 MR. MORRIS: Objection to the form 21 MR. MORRIS: Objection to the form 22 of the question. 25 A I don't recall. 26 MR. MORRIS: Objection to the form 27 of the question. 28 MR. MORRIS: Objection to the form 29 of the question. 29 MR. MORRIS: Objection to the form 20 of the question. 20 MR. MORRIS: Objection to the form 21 MR. MORRIS: Objection to the form 22 MR. MORRIS: Objection to the form 23 MR. MORRIS: Objection to the form 24 of the question. 25 A I don't recall. 26 MR. MORRIS: Objection to the form 27 of the question. 28 A It satisfied to that several times. 39 This was over two years ago. A lot has 30 happened. That is all I recall. 30 MR. MORRIS: Objection to the form 31 leave at some point. I don't – I don't recall 32 A You know, she was out on maternity 33 leave at some point. I don't – I don't recall 44 there is an electronic record of you 45 leave. There was – there were folks backing 46 her up. I don't recall specifically who 47 these more of the pub. I don't recall seasificati		
8 with Mr. Dondero what the terms of those two 9 conversation with Mr. Dondero, all I recall is 10 he said, get the money from Highland. 11 Q. And if Mr. Dondero testifies that 11 recall is he said, get the money from Highland. 12 he, in consultation with other senice personnel 13 at Highland, decided that Highland needed to 14 pay HCMFA \$7.4 million as compensation for the 15 NAV error and not a loan, would you have any 16 reason to disagree with Mr. Dondero? 17 MR. MORRIS: Objection to the form 18 of the question. 19 A If that was – if that was his 19 signed them, that you communicated with 20 intent, yes, it would – I would – 21 Q. Do you have any reason to disagree 22 with him: 23 MR. MORRIS: Objection to the form 24 of the question. 25 A If that was his intent, I don't 26 Q. Again, the only thing you remember, 3 sitting here today, was Mr. Dondero said, get 4 the money from Highland, and that is it, that 5 is all you remember? 4 The money from Highland, and that is it, that 5 is all you remember? 5 Q. What was your assistant's name in 6 May 2019? 7 A It was Naomi Chisum. 8 A I testified to flas several times. 9 This was over two years ago. A lot has 10 happened. That is all I recall. 11 Q. And help me here. I'm not very 12 technologically astute. When you – and I – I 13 recognize that you do it areity, but when you 14 MR. MORRIS: Objection to the form 15 I was gour assistant's name in 16 May 2019? 17 A I thank as his intentity of the government in that was his intentity to it that was his intentity to it that is it, that 16 May 2019? 17 A I was Naomi Chisum. 18 A I testified to that several times. 19 This was over two years ago. A lot has 10 happened. That is all I recall. 10 Q. And help me here. I'm not very 11 technologically astute. When you – and I – I 12 Page 320 13 MR. MORRIS: Objection to the form 14 there is an electronic record of you 15 that there is an electronic record of you 16 having authorized or signed a document 17 feetonic all precall. 18 MR. MORRIS: Objection to the form 19 provide the p	-	
9 promissory notes should be? 10 he said, get the money from Highland. 11 Q. And if Mr. Donder testifies that 12 he, in consultation with other senior personnel 13 at Highland, decided that Highland needed to 14 pay HCMFA \$7.4 million as compensation for the 15 NAV error and not a loan, would you have any 16 reason to disagree with Mr. Dondero? 17 MR. MORRIS. Objection to the form 18 of the question. 18 after the notes were drafted, but before you 19 A. If that was – if that was his 10 intent, yes, it would – I would – 21 Q. Do you have any reason to disagree 22 with him? 23 MR. MORRIS. Objection to the form 24 of the question. 25 A. If that was his intent, I don't 26 A. If was his intent, I don't 27 Q. Again, the only thing you remember, 3 stilling here today, was Mr. Dondero said, get 4 the money from Highland, and that is it, that 5 is all you remember? 5 Q. And help me here. I'm not very 15 the case is the result of the form 16 MR. MORRIS: Objection to the form 17 of the question. 28 A. It estified to that several times. 3 happened. That is all I recall. 4 WATERHOUSE - 10-19-21 5 Q. Again, the only thing you remember, 3 stilling here today, was Mr. Dondero said, get 4 the money from Highland, and that is it, that 5 is all you remember? 5 Q. What was your assistant's name in 6 May 2019? 7 A. It was Naomi Chisum. 8 A. It estified to that several times. 9 This was over two years ago. A lot has 10 happened. That is all I recall. 10 Q. And help me here. I'm not very 11 just described? 11 Q. And help me here. I'm not very 12 technologically astute. When you – and I – I 13 recognize that you do it rarely, but when you 15 leave at some point. I don't — clon't recall 16 her up. I don't recall specifically who 16 her up. I don't recall assistant's were, and I don't recall	· ·	
10 he said, get the money from Highland. 11 Q. And if Mr. Dondero testifies that 11 necal is he said, get the money from Highland. 12 he, in consultation with other senior personnel 13 at Highland, decided that Highland needed to 14 pay HCMFA \$7.4 million as compensation for the 15 NAV error and not a loan, would you have any 16 reason to disagree with Mr. Dondero? 16 reason to disagree with Mr. Dondero? 17 MR. MORRIS: Objection to the form 18 of the question. 19 A If that was – if that was his 20 intent, yes, it would – I would – 21 Q. Do you have any reason to disagree 22 with him? 23 MR. MORRIS: Objection to the form 24 of the question. 25 A If that was his intent, I don't 26 WATERHOUSE - 10-19-21 27 Q. Again, the only thing you remember, 28 sitting here today, was Mr. Dondero said, get 4 the money from Highland. 4 the terms of the note, but since I don't draft 4 the terms of the note, but since I don't draft 4 the terms of the note, but since I don't draft 4 the terms of the note, but since I don't draft 4 the terms of the note, but since I don't draft 4 the terms of the note, but since I don't draft 4 the terms of the note, but since I don't draft 4 the terms of the note, but since I don't draft 4 the terms of the note, but since I don't draft 4 the term of the rote, but since I don't draft 4 of the question in the prepople later. 10 Do you have any reason to disagree 21 get his blessing or ratification to signing 22 those notes? 23 MR MORRIS: Objection to the form 24 of the question. 25 A I don't recall. 26 WATERHOUSE - 10-19-21 27 WATERHOUSE - 10-19-21 28 WATERHOUSE - 10-19-21 29 WATERHOUSE - 10-19-21 30 WATERHOUSE - 10-19-21 31 WATERHOUSE - 10-19-21 41 WATERHOUSE - 10-19-21 42 WATERHOUSE - 10-19-21 43 WATERHOUSE - 10-19-21 54 WATERHOUSE - 10-19-21 55 A I don't recall. 56 A I that was having additionation to the form 57 A It was Nacmi Chisum. 58 Q. Is she the only one? I'm sorry, was 59 This was over two years ago. A lot has 50 happened. That is all I recall. 51 Q. And help me here. I'm not very 51 t	·	
11 Pecal is he said, get the money from Highland. 12 he, in consultation with other senior personnel 13 at Highland, decided that Highland needed to 14 pay HCMFA \$7.4 million as compensation for the 15 NAV error and not a loan, would you have any 16 reason to disagree with Mr. Dondero? 17 MR. MORRIS: Objection to the form 18 of the question. 19 A. If that was – if that was his 19 intent, yes, it would – I would – 20 Do you have any reason to disagree 21 with him? 22 those notes? 23 MR. MORRIS: Objection to the form 24 of the question. 25 A. If that was his intent, I don't 26 A. If that was his intent, I don't 27 WATERHOUSE – 10-19-21 28 WATERHOUSE – 10-19-21 39 Sitting here today, was Mr. Dondero said, get 4 the money from Highland, and that is it, that 5 is all you remember? 6 MR. MORRIS: Objection to the form 6 of the question. 7 A. It was has intent block and then email it out to 8 Waterever has been a received with 9 signed them notes were draffed, but before you 19 signed them, that you communicated with 10 Mr. Dondero in any way to just confirm or – or 20 get his blessing or ratification to signing 21 those notes? 22 with him? 23 MR. MORRIS: Objection to the form 24 of the question. 25 A. I don't recall. 1 WATERHOUSE – 10-19-21 2 Q. Again, the only thing you remember, 3 sitting here today, was Mr. Dondero said, get 4 the money from Highland, and that is it, that 5 is all you remember? 6 MR. MORRIS: Objection to the form 6 May 2019? 7 of the question. 8 A. I testified to that several times. 9 This was over two years ago. A lot has 10 Appened. That is all I recall. 11 Q. And help me here. I'm not very 12 technologically astute. When you — and I — 1 13 recognize that you do it rarely, but when you 14 those addes where she was out for maternity 15 that there is an electronic record of you 16 having authorized or signed a document 17 electronically? 18 MR. MORRIS: Objection to the form 18 document electronically, do you believe 19 that there is an electronic record of you 19 the proper is the serical of the p	· ·	
12 he, in consultation with other senior personnel 13 at Highland, decided that Highland needed to 13 don't recall ever having a discussion around 14 pay HCMFA \$74 million as compensation for the 15 NAV error and not al loan, would you have any 16 reason to disagree with Mr. Dondero? 17 MR. MORRIS: Objection to the form 18 of the question. 19 A. If that was – if that was his 20 intent, yes, it would – I would – 21 Q. Do you have any reason to disagree 22 with him? 23 MR. MORRIS: Objection to the form 24 of the question. 25 A. If that was his intent, I don't 26 of the question. 27 MR. MORRIS: Objection to the form 28 MR. MORRIS: Objection to the form 29 MR. MORRIS: Objection to the form 20 Mr. Dondero in any way to just confirm or – or 21 question. 22 those notes? 23 MR. MORRIS: Objection to the form 24 of the question. 25 A. I don't recall. 26 MR. MORRIS: Objection to the form 27 of the question. 28 MR. MORRIS: Objection to the form 29 multiple times over COVID, she would attach my 20 signal, the only thing you remember, 21 sitting here today, was Mr. Dondero said, get 22 the money from Highland, and that is it, that 25 is all you remember? 26 MR. MORRIS: Objection to the form 27 of the question. 28 A. I testified to that several times. 39 This was over two years ago. A lot has 30 happened. That is all I recall. 40 A you have any reason to disagree 41 the money from Highland, and that is it, that 42 is all you remember? 43 is all you remember? 44 the money from Highland, and that is it, that 45 is all you remember? 46 MR. MORRIS: Objection to the form 47 of the question. 48 A. I testified to that several times. 49 This was over two years ago. A lot has 40 happened. That is all I recall. 41 Q. And help me here. I'm not very 42 technologically astute. When you — and I — I 43 is adocument electronically, do you believe 44 the recall specifically who 45 leave. There was – there were folks backing 46 having authorized or signed a document 47 electronically? 48 MR. MORRIS: Objection to the form 49 the recall and coun		
13 at Highland, decided that Highland needed to 14 pay HCMFA \$77 million as compensation for the 15 NAV error and not a loan, would you have any 16 reason to disagree with Mr. Dondero? 16 reason to disagree with Mr. Dondero? 17 MR. MORRIS: Objection to the form 18 of the question. 19 A If that was – if that was his 20 intent, yes, it would – I would – 21 Q. Do you have any memory of whether 22 with him? 23 MR. MORRIS: Objection to the form 24 of the question. 25 A If that was his intent, I don't 26 Q. Again, the only thing you remember, 3 sitting here today, was Mr. Dondero said, get 4 the money from Highland, and that is it, that 5 is all you remember? 5 Q. What was your assistant's name in 6 May 2019? 7 of the question. 8 A I testified to that several times. 9 This was over two years ago. A lot has 10 having authorized or signed a document 11 the remainded in the remainded in the procure of the process of the remainded of the		
14 the terms of the note, but since I don't draft 15 NAV error and not a loan, would you have any 16 reason to disagree with Mr. Dondero? 17 MR. MORRIS: Objection to the form 18 of the question. 19 A. If that was – if that was his 20 intent, yes, it would – I would – 21 Q. Do you have any reason to disagree 22 with him? 23 MR. MORRIS: Objection to the form 24 of the question. 25 A. If that was his intent, I don't 26 Q. Again, the only thing you remember, 3 sitting here today, was Mr. Dondero said, get 4 the money from Highland, and that is it, that 5 is all you remember? 6 MR. MORRIS: Objection to the form 7 of the question. 8 A. It settlied to that several times. 9 This was over two years ago. A lot has 10 happened. That is all I recall. 11 Q. And help me here. I'm not very 12 technologically astutie. When you 13 signed them, that you communicated with 14 the terms of the note, but since I don't draft 15 the notes, that – there could have been a 15 the notes, that – there could have been a 16 conversation with other people later. 17 Q. Do you have any memory of whether 18 after the notes were drafted, but before you 19 signed them, that you communicated with 20 Mrr. Dondero in any way to just confirm or – or 21 get his blessing or ratification to signing 22 those notes? 23 MR. MORRIS: Objection to the form 24 of the question. 25 A. I don't recall. 26 WATERHOUSE - 10-19-21 27 Page 321 28 WATERHOUSE - 10-19-21 39 signature block and then email it out to 30 signature block and then email it out to 40 whatever party. 50 Q. What was your assistant's name in 61 May 2019? 7 A. It was Naomi Chisum. 8 A. I testified to that several times. 9 This was over two years ago. A lot has 19 happened. That is all recall. 10 facilitated logistically something like you 11 just described? 12 Lechnologically astute. When you — and I — I 13 recognize that you do it rarely, but when you 14 sign a document electronically, do you believe 15 that there is an electronic record of you 16 having authorized or signed a document 16 herup. I	•	·
15 NAV error and not a loan, would you have any 16 reason to disagree with Mr. Dondero? 17 MR. MORRIS: Objection to the form 18 of the question. 19 A. If that was – if that was his 20 intent, yes, it would – I would – 21 Q. Do you have any reason to disagree 22 with him? 23 MR. MORRIS: Objection to the form 24 of the question. 25 A. If that was his intent, I don't 26 MR. MORRIS: Objection to the form 27 MR. MORRIS: Objection to the form 28 MR. MORRIS: Objection to the form 29 MR. MORRIS: Objection to the form 20 MR. MORRIS: Objection to the form 21 WATERHOUSE - 10-19-21 22 Magain, the only thing you remember, 23 sitting here today, was Mr. Dondero said, get 24 the money from Highland, and that is it, that 25 is all you remember? 26 MR. MORRIS: Objection to the form 27 of the question. 28 A. I testified to that several times. 39 This was over two years ago. A lot has 30 In the file of the proper leaf the subscillar of you as sistant that would have maybe 31 facilitated logistically something like you 32 facilitated logistically something like you 33 sign a document electronically, do you believe 41 the money form the prevail of the guestion. 42 A. I testified to that several times. 43 A. I testified to that several times. 44 D. I she the only one? I'm sorry, was 45 She your only assistant that would have maybe 46 happened. That is all I recall. 47 C. And help me here. I'm not very 48 She your only assistant that would have maybe 49 she your only assistant that would have maybe 40 facilitated logistically something like you 41 sign a document electronically, do you believe 41 those dates where she was out for maternity 42 leave. There was – there were folks backing 43 here. Who those, you know, administrative 44 assistants were, and I don't recall		
16 reason to disagree with Mr. Dondero? 17 MR. MORRIS: Objection to the form 18 of the question. 18 of the question. 19 A If that was -if that was his 20 intent, yes, it would – I would – 21 Q. Do you have any reason to disagree 22 with him? 23 MR. MORRIS: Objection to the form 24 of the question. 25 A If that was his intent, I don't 26 The question. 27 Q. Again, the only thing you remember, 28 sitting here today, was Mr. Dondero said, get 4 the money from Highland, and that is it, that 5 is all you remember? 6 MR. MORRIS: Objection to the form 7 of the question. 8 A I testified to that several times. 9 This was over two years ago. A lot has 10 And help me here. I'm not very 11 technologically astute. When you — and I — I had resulted in the recall leave. There was — there were folks backing har wing authorized or signed a document 16 conversation with other people later. 17 Q. Do you have any memory of whether after the notes were drafted, but before you have any memory of whether after the notes were drafted, but before you have any memory of whether after the notes were drafted, but before you have any memory of whether after the notes were drafted, but before you have any memory of whether after the notes were drafted, but before you have any memory of whether after the notes were drafted, but before you have any memory of whether after the notes were drafted, but before you have any memory of whether after the notes were drafted, but before you factor of a fear the notes were after when you had not not send with a signed them, that you communicated with 20 Mr. Dondero in any way to just confirm or or or get his blessing or ratification to signing after the notes or passing or ratification to signing after the none of the question. 1 WATERHOUSE - 10-19-21 1 WATERHOUSE - 10-19-21 1 WATERHOUSE - 10-19-21 2 multiple times ove		
17 MR. MORRIS: Objection to the form 18 of the question. 19 A. If that was – if that was his 20 intent, yes, it would – I would – 21 Q. Do you have any reason to disagree 22 with him? 23 MR. MORRIS: Objection to the form 24 of the question. 25 A. If that was his intent, I don't 26 A. If that was his intent, I don't 27 W. The only thing you remember, 28 sitting here today, was Mr. Dondero said, get 29 the money from Highland, and that is it, that 29 is all you remember? 29 G. A. It was Naomi Chisum. 20 A. It was Naomi Chisum. 20 A. It was Naomi Chisum. 21 A. It was Naomi Chisum. 22 A. It was Naomi Chisum. 23 A. It was Naomi Chisum. 24 It was over two years ago. A lot has 25 A. It was Naomi Chisum. 26 A. It was Naomi Chisum. 27 A. It was Naomi Chisum. 28 A. It was Naomi Chisum. 29 This was over two years ago. A lot has 20 Intended and the nemal it out to 21 get his blessing or ratification to signing or the form of the question. 25 A. If that was his intent, I don't 26 A. If that was his intent, I don't 27 A. It was Naomi Chisum. 28 A. It estified to that several times. 39 This was over two years ago. A lot has 40 A happened. That is all I recall. 41 Q. And help me here. I'm not very 41 technologically astute. When you — and I — I 42 Sign a document electronically, do you believe 43 Hore of who those, you know, she was out on maternity 44 here is an electronic record of you 45 sign a document electronically on the form 46 having authorized or signed a document 47 those — who those, you know, administrative 48 A. Wassiants were, and I don't recall		
18 of the question. 19 A. If that was – if that was his 20 intent, yes, it would – I would – 21 Q. Do you have any reason to disagree 22 with him? 23 MR. MORRIS: Objection to the form 24 of the question. 25 A. If that was his intent, I don't 26 Q. Again, the only thing you remember, 3 sitting here today, was Mr. Dondero said, get 4 the money from Highland, and that is it, that 5 is all you remember? 5 Q. What was your assistant's name in 6 MR. MORRIS: Objection to the form 7 of the question. 8 A. I testified to that several times. 9 This was over two years ago. A lot has 10 happened. That is all I recall. 11 Q. And help me here. I'm not very 12 technologically astute. When you – and I – I are good for those, you know, administrative 18 MR. MORRIS: Objection to the form 19 signed them, that you communicated with 20 Mr. Dondero in any way to just confirm or – or 21 get his blessing or ratification to signing 22 those notes? 23 MR. MORRIS: Objection to the form 24 of the question. 25 A. I don't recall. 26 WATERHOUSE - 10-19-21 27 multiple times over COVID, she would attach my 28 signature block and then email it out to 29 the advanced by the would attach my 29 signature block and then email it out to 20 What was your assistant's name in 21 MR. MORRIS: Objection to the form 22 multiple times over COVID, she would attach my 23 signature block and then email it out to 24 the money from Highland, and that is it, that 25 Q. What was your assistant's name in 26 MR. MORRIS: Objection to the form 27 A. It was Naomi Chisum. 28 Q. Is she the only one? I'm sorry, was 29 This was over two years ago. A lot has 29 she your only assistant that would have maybe 20 facilitated logistically something like you 21 technologically astute. When you – and I – I 22 A. You know, she was out on maternity 28 leave at some point. I don't – I don't recall 29 those office ly who 20 the receive folks backing 20 the receive folks backing 21 the province of the form 22 the receive folks backing 23 the receive folks backing 24 the receive folks b		
19 A. If that was – if that was his 20 intent, yes, it would – I would – 21 Q. Do you have any reason to disagree 21 yet his blessing or ratification to signing 22 with him? 23 MR. MORRIS: Objection to the form 24 of the question. 25 A. If that was his intent, I don't 26 Q. Again, the only thing you remember, 3 sitting here today, was Mr. Dondero said, get 4 the money from Highland, and that is it, that 5 is all you remember? 6 MR. MORRIS: Objection to the form 7 of the question. 8 A. I testified to that several times. 9 This was over two years ago. A lot has 10 Ag help me here. I'm not very 11 Q. And help me here. I'm not very 12 technologically astute. When you – and I – I 13 recognize that you do it rarely, but when you 16 having authorized or signed a document 17 electronically? 18 MR. MORRIS: Objection to the form 18 assistants were, and I don't recall	-	
20 intent, yes, it would — I would — 21 Q. Do you have any reason to disagree 22 with him? 23 MR. MORRIS: Objection to the form 24 of the question. 25 A. If that was his intent, I don't 26 Q. Again, the only thing you remember, 3 sitting here today, was Mr. Dondero said, get 4 the money from Highland, and that is it, that 5 is all you remember? 6 MR. MORRIS: Objection to the form 7 of the question. 8 A. It testified to that several times. 9 This was over two years ago. A lot has 10 happened. That is all I recall. 11 Q. And help me here. I'm not very 12 technologically astute. When you — and I — I gan a document electronically, do you believe 15 that was it would — 20 Mir. Dondero in any way to just confirm or — or 21 get his blessing or ratification to signing 22 those notes? 23 MR. MORRIS: Objection to the form 24 of the question. 25 A. I don't recall. 26 WATERHOUSE - 10-19-21 27 WATERHOUSE - 10-19-21 28 WATERHOUSE - 10-19-21 29 multiple times over COVID, she would attach my 30 signature block and then email it out to 4 whatever party. 5 Q. What was your assistant's name in 6 May 2019? 7 A. It was Naomi Chisum. 8 A. I testified to that several times. 8 Q. Is she the only one? I'm sorry, was 9 This was over two years ago. A lot has 10 facilitated logistically something like you 11 Q. And help me here. I'm not very 12 technologically astute. When you — and I — I 13 recognize that you do it rarely, but when you 14 sign a document electronically, do you believe 15 that there is an electronic record of you 16 having authorized or signed a document 17 electronically? 18 MR. MORRIS: Objection to the form 18 assistants were, and I don't recall	· ·	-
21 Q. Do you have any reason to disagree 22 with him? 23 MR. MORRIS: Objection to the form 24 of the question. 25 A. If that was his intent, I don't 26 Q. Again, the only thing you remember, 3 sitting here today, was Mr. Dondero said, get 4 the money from Highland, and that is it, that 5 is all you remember? 6 MR. MORRIS: Objection to the form 7 of the question. 8 A. I testified to that several times. 9 This was over two years ago. A lot has 10 A. I testified to that several times. 9 This was over two years ago. A lot has 10 A. And help me here. I'm not very 11 Echnologically astute. When you – and I – I recognize that you do it rarely, but when you 14 sign a document electronically? 18 MR. MORRIS: Objection to the form 17 electronically? 18 MR. MORRIS: Objection to the form 18 assistants were, and I don't recall		
22 those notes? 23 MR. MORRIS: Objection to the form 24 of the question. 25 A If that was his intent, I don't 26 A If that was his intent, I don't 27 A Idon't recall. Page 320 1 WATERHOUSE - 10-19-21 2 Q. Again, the only thing you remember, 3 sitting here today, was Mr. Dondero said, get 4 the money from Highland, and that is it, that 5 is all you remember? 6 MR. MORRIS: Objection to the form 7 of the question. 8 A I testified to that several times. 9 This was over two years ago. A lot has 10 happened. That is all I recall. 10 Q. And help me here. I'm not very 11 just described? 12 Lhose notes? 23 MR. MORRIS: Objection to the form 24 of the question. 25 A I don't recall. Page 320 1 WATERHOUSE - 10-19-21 2 multiple times over COVID, she would attach my 3 signature block and then email it out to 4 whatever party. 5 Q. What was your assistant's name in 6 May 2019? 7 A. It was Naomi Chisum. 8 Q. Is she the only one? I'm sorry, was 9 she your only assistant that would have maybe 10 facilitated logistically something like you 11 Q. And help me here. I'm not very 11 just described? 12 LA You know, she was out on maternity 13 leave at some point. I don't – I don't recall 14 sign a document electronically, do you believe 15 that there is an electronic record of you 15 leave. There was – there were folks backing 16 having authorized or signed a document 17 electronically? 18 MR. MORRIS: Objection to the form 18 assistants were, and I don't recall		
23 MR. MORRIS: Objection to the form 24 of the question. 25 A. If that was his intent, I don't 25 A. If that was his intent, I don't 26 A. If that was his intent, I don't 27 A. I don't recall. 1 WATERHOUSE - 10-19-21 2 Q. Again, the only thing you remember, 3 sitting here today, was Mr. Dondero said, get 4 the money from Highland, and that is it, that 5 is all you remember? 6 MR. MORRIS: Objection to the form 7 of the question. 8 A. I testified to that several times. 9 This was over two years ago. A lot has 10 happened. That is all I recall. 11 Q. And help me here. I'm not very 12 technologically astute. When you — and I — I 13 recognize that you do it rarely, but when you 14 sign a document electronically, do you believe 15 that there is an electronic record of you 16 having authorized or signed a document 17 electronically? 18 MR. MORRIS: Objection to the form 23 MR. MORRIS: Objection to the form 24 of the question. 25 A. I don't recall. 1 WATERHOUSE - 10-19-21 2 multiple times over COVID, she would attach my 3 signature block and then email it out to 4 whatever party. 2 multiple times over COVID, she would attach my 3 signature block and then email it out to 4 whatever party. 2 multiple times over COVID, she would attach my 3 signature block and then email it out to 4 whatever party. 5 Q. What was your assistant's name in 6 May 2019? 7 A. It was Naomi Chisum. 8 Q. Is she the only one? I'm sorry, was 9 she your only assistant that would have maybe 10 facilitated logistically something like you 11 just described? 12 A. You know, she was out on maternity 13 leave at some point. I don't – I don't recall 14 those dates where she was out for maternity 15 leave. There was – there were folks backing 16 her up. I don't recall specifically who 17 those – who those, you know, administrative 18 assistants were, and I don't recall	, , ,	
24 of the question. 25 A. If that was his intent, I don't 25 A. I don't recall. Page 320 1 WATERHOUSE - 10-19-21 2 Q. Again, the only thing you remember, 3 sitting here today, was Mr. Dondero said, get 4 the money from Highland, and that is it, that 5 is all you remember? 6 MR. MORRIS: Objection to the form 7 of the question. 8 A. I testified to that several times. 9 This was over two years ago. A lot has 10 happened. That is all I recall. 11 Q. And help me here. I'm not very 12 technologically astute. When you – and I – I 13 recognize that you do it rarely, but when you 14 sign a document electronic record of you 15 MR. MORRIS: Objection to the form 16 having authorized or signed a document 17 electronically? 18 MR. MORRIS: Objection to the form 18 assistants were, and I don't recall		
25 A. If that was his intent, I don't 25 A. I don't recall. Page 320 WATERHOUSE - 10-19-21 Q. Again, the only thing you remember, 3 sitting here today, was Mr. Dondero said, get 4 the money from Highland, and that is it, that 5 is all you remember? 6 MR. MORRIS: Objection to the form 7 of the question. 8 A. I testified to that several times. 9 This was over two years ago. A lot has 10 happened. That is all I recall. 11 Q. And help me here. I'm not very 12 technologically astute. When you – and I – I 13 recognize that you do it rarely, but when you 14 sign a document electronically, do you believe 15 that there is an electronic record of you 16 having authorized or signed a document 17 electronically? 18 MR. MORRIS: Objection to the form 18 assistants were, and I don't recall 19 A. I don't recall. 10 WATERHOUSE - 10-19-21 2 multiple times over COVID, she would attach my 3 signature block and then email it out to 4 whatever party. 5 Q. What was your assistant's name in 6 May 2019? 7 A. It was Naomi Chisum. 8 Q. Is she the only one? I'm sorry, was 9 she your only assistant that would have maybe 16 in a literature of the don't recall 19 facilitated logistically something like you 11 just described? 12 A. You know, she was out on maternity 13 leave at some point. I don't - I don't recall 14 those dates where she was out for maternity 15 leave. There was – there were folks backing 16 her up. I don't recall specifically who 17 those – who those, you know, administrative 18 assistants were, and I don't recall	·	,
Page 320 1 WATERHOUSE - 10-19-21 2 Q. Again, the only thing you remember, 3 sitting here today, was Mr. Dondero said, get 4 the money from Highland, and that is it, that 5 is all you remember? 6 MR. MORRIS: Objection to the form 7 of the question. 8 A. I testified to that several times. 9 This was over two years ago. A lot has 10 happened. That is all I recall. 11 Q. And help me here. I'm not very 12 technologically astute. When you – and I – I 13 recognize that you do it rarely, but when you 14 sign a document electronically, do you believe 15 MR. MORRIS: Objection to the form 16 May 2019? 7 A. It was Naomi Chisum. 8 Q. Is she the only one? I'm sorry, was 9 she your only assistant that would have maybe 16 facilitated logistically something like you 17 leave at some point. I don't – I don't recall 18 is a document electronically, do you believe 19 that there is an electronic record of you 10 having authorized or signed a document 11 electronically? 12 MATERHOUSE - 10-19-21 1 WATERHOUSE - 10-19-21 1 Wat the email it out to 4 whatever party. 5 Q. What was your assistant's name in 6 May 2019? 7 A. It was Naomi Chisum. 8 Q. Is she the only one? I'm sorry, was 9 she your only assistant that would have maybe 10 facilitated logistically something like you 11 just described? 12 A. You know, she was out no maternity 13 leave at some point. I don't recall 14 sign a document electronic record of you 15 leave. There was – there were folks backing 16 her up. I don't recall specifically who 17 those – who those, you know, administrative 18 assistants were, and I don't recall	·	·
1 WATERHOUSE - 10-19-21 2 Q. Again, the only thing you remember, 3 sitting here today, was Mr. Dondero said, get 4 the money from Highland, and that is it, that 5 is all you remember? 6 MR. MORRIS: Objection to the form 7 of the question. 8 A. I testified to that several times. 9 This was over two years ago. A lot has 10 happened. That is all I recall. 11 Q. And help me here. I'm not very 12 technologically astute. When you — and I — I 13 recognize that you do it rarely, but when you 14 sign a document electronically, do you believe 15 MR. MORRIS: Objection to the form 16 May 2019? 7 A. It was Naomi Chisum. 8 Q. Is she the only one? I'm sorry, was 9 she your only assistant that would have maybe 10 facilitated logistically something like you 11 just described? 12 A. You know, she was out on maternity 13 recognize that you do it rarely, but when you 14 sign a document electronically, do you believe 15 that there is an electronic record of you 16 having authorized or signed a document 17 electronically? 18 MR. MORRIS: Objection to the form 18 assistants were, and I don't recall	25 A. II that was his intent, I don't	25 A. Idontrecaii.
2 Q. Again, the only thing you remember, 3 sitting here today, was Mr. Dondero said, get 4 the money from Highland, and that is it, that 5 is all you remember? 6 MR. MORRIS: Objection to the form 7 of the question. 8 A. I testified to that several times. 9 This was over two years ago. A lot has 10 happened. That is all I recall. 11 Q. And help me here. I'm not very 12 technologically astute. When you – and I – I 13 recognize that you do it rarely, but when you 14 sign a document electronically, do you believe 15 multiple times over COVID, she would attach my 3 signature block and then email it out to 4 whatever party. 5 Q. What was your assistant's name in 6 May 2019? 7 A. It was Naomi Chisum. 8 Q. Is she the only one? I'm sorry, was 9 she your only assistant that would have maybe 10 facilitated logistically something like you 11 just described? 12 A. You know, she was out on maternity 13 leave at some point. I don't – I don't recall 14 sign a document electronic record of you 15 leave. There was – there were folks backing 16 having authorized or signed a document 17 electronically? 18 MR. MORRIS: Objection to the form 18 assistants were, and I don't recall		
3 sitting here today, was Mr. Dondero said, get 4 the money from Highland, and that is it, that 5 is all you remember? 6 MR. MORRIS: Objection to the form 7 of the question. 8 A. I testified to that several times. 9 This was over two years ago. A lot has 10 happened. That is all I recall. 11 Q. And help me here. I'm not very 12 technologically astute. When you — and I — I 13 recognize that you do it rarely, but when you 14 sign a document electronic ally, do you believe 15 that there is an electronic record of you 16 May 2019? 7 A. It was Naomi Chisum. 8 Q. Is she the only one? I'm sorry, was 9 she your only assistant that would have maybe 16 facilitated logistically something like you 11 just described? 12 A. You know, she was out on matemity 13 leave at some point. I don't recall 14 those dates where she was out for maternity 15 that there is an electronic record of you 16 having authorized or signed a document 17 electronically? 18 MR. MORRIS: Objection to the form 18 assistants were, and I don't recall		
4 the money from Highland, and that is it, that 5 is all you remember? 6 MR. MORRIS: Objection to the form 7 of the question. 8 A. I testified to that several times. 9 This was over two years ago. A lot has 10 happened. That is all I recall. 11 Q. And help me here. I'm not very 12 technologically astute. When you – and I – I 13 recognize that you do it rarely, but when you 14 sign a document electronically, do you believe 15 that there is an electronic record of you 16 having authorized or signed a document 17 electronically? 18 MR. MORRIS: Objection to the form 4 whatever party. 5 Q. What was your assistant's name in 6 May 2019? 7 A. It was Naomi Chisum. 8 Q. Is she the only one? I'm sorry, was 9 she your only assistant that would have maybe 10 facilitated logistically something like you 11 just described? 12 A. You know, she was out on maternity 13 leave at some point. I don't – I don't recall 14 those dates where she was out for maternity 15 leave. There was – there were folks backing 16 her up. I don't recall specifically who 17 electronically? 18 MR. MORRIS: Objection to the form 18 assistants were, and I don't recall	1	
5 is all you remember? 6 MR. MORRIS: Objection to the form 7 of the question. 8 A. I testified to that several times. 9 This was over two years ago. A lot has 10 happened. That is all I recall. 11 Q. And help me here. I'm not very 12 technologically astute. When you – and I – I 13 recognize that you do it rarely, but when you 14 sign a document electronically, do you believe 15 that there is an electronic record of you 16 having authorized or signed a document 17 electronically? 18 MR. MORRIS: Objection to the form 18 May 2019? 7 A. It was Naomi Chisum. 8 Q. Is she the only one? I'm sorry, was 9 she your only assistant that would have maybe 10 facilitated logistically something like you 11 just described? 12 A. You know, she was out on maternity 13 leave at some point. I don't – I don't recall 14 those dates where she was out for maternity 15 leave. There was – there were folks backing 16 her up. I don't recall specifically who 17 those – who those, you know, administrative 18 assistants were, and I don't recall		
6 MR. MORRIS: Objection to the form 7 of the question. 8 A. I testified to that several times. 9 This was over two years ago. A lot has 10 happened. That is all I recall. 11 Q. And help me here. I'm not very 12 technologically astute. When you – and I – I 13 recognize that you do it rarely, but when you 14 sign a document electronically, do you believe 15 that there is an electronic record of you 16 having authorized or signed a document 17 electronically? 18 MR. MORRIS: Objection to the form		
7 A. It was Naomi Chisum. 8 A. I testified to that several times. 9 This was over two years ago. A lot has 10 happened. That is all I recall. 11 Q. And help me here. I'm not very 12 technologically astute. When you – and I – I 13 recognize that you do it rarely, but when you 14 sign a document electronically, do you believe 15 that there is an electronic record of you 16 having authorized or signed a document 17 electronically? 18 MR. MORRIS: Objection to the form 18 Q. Is she the only one? I'm sorry, was 9 she your only assistant that would have maybe 10 facilitated logistically something like you 11 just described? 12 A. You know, she was out on maternity 13 leave at some point. I don't – I don't recall 14 those dates where she was out for maternity 15 leave. There was – there were folks backing 16 her up. I don't recall specifically who 17 those – who those, you know, administrative 18 assistants were, and I don't recall		
8 Q. Is she the only one? I'm sorry, was 9 This was over two years ago. A lot has 10 happened. That is all I recall. 11 Q. And help me here. I'm not very 12 technologically astute. When you – and I – I 13 recognize that you do it rarely, but when you 14 sign a document electronically, do you believe 15 that there is an electronic record of you 16 having authorized or signed a document 17 electronically? 18 MR. MORRIS: Objection to the form 8 Q. Is she the only one? I'm sorry, was 9 she your only assistant that would have maybe 10 facilitated logistically something like you 11 just described? 12 A. You know, she was out on maternity 12 I aleave at some point. I don't – I don't recall 13 leave at some point. I don't – I don't recall 14 those dates where she was out for maternity 15 leave. There was – there were folks backing 16 her up. I don't recall specifically who 17 those – who those, you know, administrative 18 assistants were, and I don't recall	•	
9 She your only assistant that would have maybe 10 happened. That is all I recall. 11 Q. And help me here. I'm not very 12 technologically astute. When you – and I – I 13 recognize that you do it rarely, but when you 14 sign a document electronically, do you believe 15 that there is an electronic record of you 16 having authorized or signed a document 17 electronically? 18 MR. MORRIS: Objection to the form 19 she your only assistant that would have maybe 10 facilitated logistically something like you 11 just described? 12 A. You know, she was out on maternity 12 leave at some point. I don't – I don't recall 14 those dates where she was out for maternity 15 leave. There was – there were folks backing 16 her up. I don't recall specifically who 17 those – who those, you know, administrative 18 assistants were, and I don't recall	· ·	
10 happened. That is all I recall. 11 Q. And help me here. I'm not very 12 technologically astute. When you – and I – I 13 recognize that you do it rarely, but when you 14 sign a document electronically, do you believe 15 that there is an electronic record of you 16 having authorized or signed a document 17 electronically? 18 MR. MORRIS: Objection to the form 19 facilitated logistically something like you 10 facilitated logistically something like you 11 just described? 12 A. You know, she was out on maternity 12 leave at some point. I don't recall 13 leave at some point. I don't recall 14 those dates where she was out for maternity 15 leave. There was – there were folks backing 16 her up. I don't recall specifically who 17 those – who those, you know, administrative 18 assistants were, and I don't recall		
11 Q. And help me here. I'm not very 12 technologically astute. When you – and I – I 13 recognize that you do it rarely, but when you 14 sign a document electronically, do you believe 15 that there is an electronic record of you 16 having authorized or signed a document 17 electronically? 18 MR. MORRIS: Objection to the form 19 A. You know, she was out on maternity 19 Leave at some point. I don't – I don't recall 10 those dates where she was out for maternity 11 just described? 12 A. You know, she was out on maternity 12 those dates where she was out for maternity 13 leave. There was – there were folks backing 16 her up. I don't recall specifically who 17 those – who those, you know, administrative 18 assistants were, and I don't recall		
technologically astute. When you – and I – I recognize that you do it rarely, but when you 13 leave at some point. I don't – I don't recall 14 sign a document electronically, do you believe 15 that there is an electronic record of you 16 having authorized or signed a document 17 electronically? 18 MR. MORRIS: Objection to the form 19 A. You know, she was out on maternity 19 leave at some point. I don't recall 10 those dates where she was out for maternity 11 leave. There was – there were folks backing 12 here up. I don't recall specifically who 13 leave at some point. I don't recall 14 those dates where she was out for maternity 15 leave. There was – there were folks backing 16 her up. I don't recall specifically who 17 those – who those, you know, administrative 18 assistants were, and I don't recall		
13 recognize that you do it rarely, but when you 14 sign a document electronically, do you believe 15 that there is an electronic record of you 16 having authorized or signed a document 17 electronically? 18 MR. MORRIS: Objection to the form 18 leave at some point. I don't – I don't recall 19 those dates where she was out for maternity 19 leave. There was – there were folks backing 10 her up. I don't recall specifically who 11 those – who those, you know, administrative 12 assistants were, and I don't recall	· · · · · · · · · · · · · · · · · · ·	
14 sign a document electronically, do you believe 15 that there is an electronic record of you 16 having authorized or signed a document 17 electronically? 18 MR. MORRIS: Objection to the form 19 those dates where she was out for maternity 19 leave. There was – there were folks backing 19 her up. I don't recall specifically who 10 those – who those, you know, administrative 10 assistants were, and I don't recall	,	
that there is an electronic record of you 15 leave. There was – there were folks backing 16 having authorized or signed a document 17 electronically? 18 MR. MORRIS: Objection to the form 15 leave. There was – there were folks backing 16 her up. I don't recall specifically who 17 those – who those, you know, administrative 18 assistants were, and I don't recall		·
16 having authorized or signed a document 17 electronically? 18 MR. MORRIS: Objection to the form 19 her up. I don't recall specifically who 19 those – who those, you know, administrative 19 assistants were, and I don't recall		
17 electronically? 18 MR. MORRIS: Objection to the form 19 those – who those, you know, administrative 19 assistants were, and I don't recall	· ·	
18 MR. MORRIS: Objection to the form 18 assistants were, and I don't recall		
	1	
19 or the question. 19 specifically it she was out during this time on	·	
	· ·	
20 A. I – I don't know the tech answer to 20 maternity leave.		
21 that, but, you know, since I don't have – I 21 I do know that that she was out for	1	
22 don't ever attach my signature block 22 a period of time, or who knows, or she could	1	
23 electronically, my assistant would have done 23 have been on vacation that day or, you know, I		
24 that, and if that is done over email like we 24 don't know.		
25 did several times – you know, multiple, 25 Q. Switching gears now, the two	25 and several times – you know, multiple,	25 Q. Switching gears now, the two

1 WATERHOUSE - 10-19-21	Page 323 1 WATERHOUSE - 10-19-21
2 complaints that have been filed that is against	2 Q. Obviously with COVID, it changed,
3 HCMFA and NexPoint, did you see any drafts of	3 but – but before COVID, did you used to meet
4 those complaints before they were filed?	4 with Mr. Seery from time to time in-person?
5 MR. MORRIS: Objection to the form	5 A. Yeah, I mean, so before COVID – so
6 of the question, and to the extent that you	
7 had any communications with counsel or you	
8 were shown drafts of the complaints by	
9 counsel while you were employed by	9 appointed. I believe it was around February of
10 Highland, I direct you not to answer.	10 2020, so maybe there was a month-and-a-half,
11 A. I – I reviewed documents yesterday	11 two-month window where we were meeting
12 with counsel here. I believe that is the first	12 in-person or, you know, like we were actually
13 time I have ever seen those.	13 in the office, excuse me, we were in the
14 Q. Okay. Did you ever discuss with	14 office.
15 Mr. Seery these two lawsuits before or after	15 And, you know, when they were first
16 they were filed?	appointed, the board members and Mr. Seery
17 A. I don't recall.	17 were – were definitely down here more
18 Q. Were you ever interviewed by legal	18 in-person.
19 counsel, to your knowledge, about these	19 Q. Did you ever see Mr. Seery taking
20 promissory notes before the complaints were	20 written notes of – of his meetings with you or
21 filed? Without going into what was said, were	21 others?
22 you ever interviewed by legal counsel?	22 A. I don't recall.
23 MR. MORRIS: Objection to the form	23 Q. Do you recall on any Zoom or video
24 of the question.	24 conference with Mr. Seery, seeing him take
25 A. I don't recall.	25 notes, written notes?
	age 324 Page 325
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
2 A. The Zoom calls we had, I don't	2 MR. RUKAVINA: Can we make it five
3 recall having seen video or, you know, or if it	3 minutes?
4 was on Zoom, I just remember it being – well,	4 THE WITNESS: Five minutes would be
5 no, you know what, there were some – you know,	5 great.
6 I take that back.	6 VIDEOGRAPHER: We're going off the
7 So there were – there were some	7 record at 5:53 p.m.
8 times that I did remember seeing Mr. Seery	8 (Recess taken 5:53 p.m. to 5:59 p.m.)
9 on – on some of the Zoom calls.	9 VIDEOGRAPHER: We are back on the
10 Q. Well, let me –	10 record at 5:59 p.m.
11 A. I don't – sorry, I'm thinking. I'm	11 Q. Mr. Waterhouse, I had asked you
12 thinking – I'm going back. I'm trying to	12 earlier about contracts between HCMFA and the
13 process this.	13 debtor, and now I'm going to talk about
14 Q. I can make it much quicker,	14 contracts between the debtor and NexPoint
14 Q. I can make it much quicker, 15 Mr. Waterhouse. I have heard – I have heard	14 contracts between the debtor and NexPoint15 Advisors. Okay?
 14 Q. I can make it much quicker, 15 Mr. Waterhouse. I have heard — I have heard 16 that Mr. Seery is a copious note taker. 	14 contracts between the debtor and NexPoint15 Advisors. Okay?16 A. Okay.
14 Q. I can make it much quicker, 15 Mr. Waterhouse. I have heard – I have heard	14 contracts between the debtor and NexPoint15 Advisors. Okay?
 14 Q. I can make it much quicker, 15 Mr. Waterhouse. I have heard — I have heard 16 that Mr. Seery is a copious note taker. 	14 contracts between the debtor and NexPoint15 Advisors. Okay?16 A. Okay.
14 Q. I can make it much quicker, 15 Mr. Waterhouse. I have heard — I have heard 16 that Mr. Seery is a copious note taker. 17 Do you have any knowledge about 18 that? 19 A. No.	 14 contracts between the debtor and NexPoint 15 Advisors. Okay? 16 A. Okay. 17 Q. Now, were there contracts similar to 18 the ones with HCMFA that NexPoint had in the 19 nature of employee reimbursement and shared
14 Q. I can make it much quicker, 15 Mr. Waterhouse. I have heard — I have heard 16 that Mr. Seery is a copious note taker. 17 Do you have any knowledge about 18 that? 19 A. No. 20 Q. Okay. Switching gears yet again,	 14 contracts between the debtor and NexPoint 15 Advisors. Okay? 16 A. Okay. 17 Q. Now, were there contracts similar to 18 the ones with HCMFA that NexPoint had in the
14 Q. I can make it much quicker, 15 Mr. Waterhouse. I have heard — I have heard 16 that Mr. Seery is a copious note taker. 17 Do you have any knowledge about 18 that? 19 A. No.	 14 contracts between the debtor and NexPoint 15 Advisors. Okay? 16 A. Okay. 17 Q. Now, were there contracts similar to 18 the ones with HCMFA that NexPoint had in the 19 nature of employee reimbursement and shared
14 Q. I can make it much quicker, 15 Mr. Waterhouse. I have heard — I have heard 16 that Mr. Seery is a copious note taker. 17 Do you have any knowledge about 18 that? 19 A. No. 20 Q. Okay. Switching gears yet again,	 14 contracts between the debtor and NexPoint 15 Advisors. Okay? 16 A. Okay. 17 Q. Now, were there contracts similar to 18 the ones with HCMFA that NexPoint had in the 19 nature of employee reimbursement and shared 20 services?
14 Q. I can make it much quicker, 15 Mr. Waterhouse. I have heard — I have heard 16 that Mr. Seery is a copious note taker. 17 Do you have any knowledge about 18 that? 19 A. No. 20 Q. Okay. Switching gears yet again, 21 and this will be last theme. Do you need a	 14 contracts between the debtor and NexPoint 15 Advisors. Okay? 16 A. Okay. 17 Q. Now, were there contracts similar to 18 the ones with HCMFA that NexPoint had in the 19 nature of employee reimbursement and shared 20 services? 21 A. Yes, they – NexPoint Advisors and
14 Q. I can make it much quicker, 15 Mr. Waterhouse. I have heard — I have heard 16 that Mr. Seery is a copious note taker. 17 Do you have any knowledge about 18 that? 19 A. No. 20 Q. Okay. Switching gears yet again, 21 and this will be last theme. Do you need a 22 restroom break, or are you good to go for	 14 contracts between the debtor and NexPoint 15 Advisors. Okay? 16 A. Okay. 17 Q. Now, were there contracts similar to 18 the ones with HCMFA that NexPoint had in the 19 nature of employee reimbursement and shared 20 services? 21 A. Yes, they – NexPoint Advisors and 22 Highland Capital Management Fund Advisors had
14 Q. I can make it much quicker, 15 Mr. Waterhouse. I have heard – I have heard 16 that Mr. Seery is a copious note taker. 17 Do you have any knowledge about 18 that? 19 A. No. 20 Q. Okay. Switching gears yet again, 21 and this will be last theme. Do you need a 22 restroom break, or are you good to go for 23 another half an hour?	 14 contracts between the debtor and NexPoint 15 Advisors. Okay? 16 A. Okay. 17 Q. Now, were there contracts similar to 18 the ones with HCMFA that NexPoint had in the 19 nature of employee reimbursement and shared 20 services? 21 A. Yes, they – NexPoint Advisors and 22 Highland Capital Management Fund Advisors had 23 cost reimbursement and shared services

Davis 200	Davis 207
Page 326	Page 327 1 WATERHOUSE - 10-19-21
2 Q. And was that shared services	2 A. Yes.
3 agreement, to the best of your understanding,	3 Q. So let's break that up. You were a
4 in place as of December 31, 2020?	4 treasurer of NexPoint as well in December of
5 A. It was – it was terminated at some	5 2020?
6 point, and I remember the contracts had	6 MR. MORRIS: Objection to the form
7 different termination dates, but I think the	7 of the question.
8 the date of termination was January 31st of	8 A. Yes.
9 2021, after the termination was put in.	9 Q. Okay. And in December of 2020, did
10 So yeah, it would be in place at the	10 NexPoint have its own bank accounts?
11 end of the year of December – it would be in	11 A. Yes.
12 place at December 31st, 2020.	12 Q. And did it use those bank accounts
13 Q. And pursuant to that agreement as of	13 to pay various of its obligations?
14 December 31st, 2020, was the debtor providing	14 A. Yes.
15 what you would describe as back office services	15 Q. Did employees of the debtor have the
16 to NexPoint?	16 ability to cause transfers to be made from
17 A. Yes.	17 those bank accounts on behalf of NexPoint?
18 Q. Would those have included accounting	18 A. Yes.
19 services?	19 Q. And is that one of services that the
20 A. Yes.	20 debtor provided NexPoint, basically ensuring
21 Q. And as part of those accounting	21 that accounts payable and other obligations
22 services, would the debtor have assisted	22 would be paid?
23 NexPoint with paying its bills?	23 A. Yes.
24 MR. MORRIS: Objection to the form	24 MR. MORRIS: Objection to the form
25 of the question.	25 of the question.
Page 328	Page 329
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
2 Q. You answered yes?	2 Q. And was that how you-all internally
3 A. Yes.	3 at Highland refer to NexPoint Advisors, L.P.?
4 Q. And the payments, though, whose	4 A. I mean, yes, amongst other things.
5 funds would they be made from?	5 Q. And she writes at the bottom of her
6 A. From the bank account of NexPoint	6 email: Okay to release?
7 Advisors. If they were NexPoint advisor	7 Do you see that?
8 obligations, it would be made from NexPoint	8 A. Yes, Ido.
9 Advisors' bank account.	9 Q. So what –
10 Q. So let's pull up Exhibit Alpha 1.	10 MR. MORRIS: Hold on one second.
11 You should have that – it is my Tab 1 or my	11 Okay. Go ahead.
12 Exhibit 1.	12 MR. RUKAVINA: Yeah.
13 (Exhibit A1 marked.)	Q. So what is – what is Ms. Hendrix
14 Q. So this is a – this is a series of	14 here on November 25 asking of you?
15 emails, Mr. Waterhouse. Let's look at the	15 A. She is asking me – so she – these
16 first page here, November 25, 2020, between	16 are – these are payments – typically we would
17 Kristin Hendrix and yourself.	17 do an accounts payable run every week at the
18 Do you see that, sir?	18 end of every Friday. But looking at this date,
19 A. Ido.	19 it is Wednesday, November 25th, which means, to
Q. And do you see where Ms. Hendrix	20 me, it is likely Thanksgiving weekend.
21 writes: NPA.	21 So this is the day before
22 Do you know what NPA stood for?	22 Thanksgiving, so this is the last kind of –
23 A. Yes.	23 kind of day before the holidays and vacation
24 Q. And what does it stand for?	24 and things of that nature. So it is25 effectively the Friday of that week.
25 A. NexPoint Advisors.	25 effectively the Friday of that week.

1	Page 330 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 331
2	So she is – she is putting in all	2	Q. And did NexPoint rely on employees	
3	the payments for the week because we batch	3	of the debtor to ensure that NexPoint's	
4	payments weekly. And these are the payments	4	accounts payable were timely paid?	
5	that go out that week, and she is informing me	5	MR. MORRIS: Objection to the form	
6	of the payments and – you know, again, at the	6	of the question.	
7	bottom of the email, she is asking for my okay	7	A. Yes.	
8	to – to release these payments in the wire	8	MR. RUKAVINA: Let's flip to the	
9	system.	9	next page, Mr. Nguyen, if you will please	
10	Q. So these would be accounts payable	10	scroll to the next page.	
11	of NexPoint?	11	Q. So this is an email similar to the	
12	A. I mean, it would be accounts payable	12	prior one, November 30th.	
13	for all of these entities listed on this email.	13	Do you see where it says, NPA HCMFA,	
14	Q. And who was Ms. Hendrix employed by	14	USD \$325,000 one-day loan?	
15	in November and December of 2020?	15	Do you see that, sir?	
16	A. Highland Capital Management.	16	A. Ido.	
17	Q. Okay. So – so part of the services	17	Q. Do you have any memory of what that	
18	that NexPoint had contracted with was for	18		
19	Highland to ensure that NexPoint timely paid	19	A. I don't recall what that – what	
20	its accounts payable; is that accurate?	20	that payment was for.	
21	MR. MORRIS: Objection to the form	21	Q. Did it sometimes occur that one	
22	of the question. You have got to be	22	advisor would, on very short-terms, make loans	
23	kidding me.	23	to another advisor?	
24	Q. Is that accurate?	24	A. Yes. This – this occurred	
25	A. Yes.	25		
	D 222		·	
				Daga 222
1	Page 332 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 333
1 2		1 2	WATERHOUSE - 10-19-21 A. Yes.	Page 333
1 2 3	WATERHOUSE - 10-19-21			Page 333
2	WATERHOUSE - 10-19-21 looking at – I'm – I'm looking at the date of	2	A. Yes.	Page 333
2 3	WATERHOUSE - 10-19-21 looking at I'm I'm looking at the date of this email. It is November 30th. It is the	2	A. Yes. Q. And that is probably the loan that	Page 333
2 3 4	WATERHOUSE - 10-19-21 looking at – I'm – I'm looking at the date of this email. It is November 30th. It is the last day of the month.	2 3 4	A. Yes. Q. And that is probably the loan that was approved on the prior page?	Page 333
2 3 4 5	WATERHOUSE - 10-19-21 looking at – I'm – I'm looking at the date of this email. It is November 30th. It is the last day of the month. HCMFA has obligations it needs to	2 3 4 5	A. Yes.Q. And that is probably the loan thatwas approved on the prior page?A. Yes, most likely.	Page 333
2 3 4 5	WATERHOUSE - 10-19-21 looking at I'm I'm looking at the date of this email. It is November 30th. It is the last day of the month. HCMFA has obligations it needs to pay to its broker-dealer, which is HCFD. And	2 3 4 5	 A. Yes. Q. And that is probably the loan that was approved on the prior page? A. Yes, most likely. Q. So is it also true, sir, that in 	Page 333
2 3 4 5 6 7	WATERHOUSE - 10-19-21 looking at — I'm — I'm looking at the date of this email. It is November 30th. It is the last day of the month. HCMFA has obligations it needs to pay to its broker-dealer, which is HCFD. And it likely was short funds to make those obligations under that — under its agreement, and so it provided a one-day loan because on	2 3 4 5 6 7	 A. Yes. Q. And that is probably the loan that was approved on the prior page? A. Yes, most likely. Q. So is it also true, sir, that in addition to accounts payable debtor employees 	Page 333
2 3 4 5 6 7 8	WATERHOUSE - 10-19-21 looking at – I'm – I'm looking at the date of this email. It is November 30th. It is the last day of the month. HCMFA has obligations it needs to pay to its broker-dealer, which is HCFD. And it likely was short funds to make those obligations under that – under its agreement,	2 3 4 5 6 7 8	A. Yes. Q. And that is probably the loan that was approved on the prior page? A. Yes, most likely. Q. So is it also true, sir, that in addition to accounts payable debtor employees would be assisting NexPoint with respect to	Page 333
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 looking at — I'm — I'm looking at the date of this email. It is November 30th. It is the last day of the month. HCMFA has obligations it needs to pay to its broker-dealer, which is HCFD. And it likely was short funds to make those obligations under that — under its agreement, and so it provided a one-day loan because on	2 3 4 5 6 7 8 9	A. Yes. Q. And that is probably the loan that was approved on the prior page? A. Yes, most likely. Q. So is it also true, sir, that in addition to accounts payable debtor employees would be assisting NexPoint with respect to paying back its debt?	Page 333
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 looking at — I'm — I'm looking at the date of this email. It is November 30th. It is the last day of the month. HCMFA has obligations it needs to pay to its broker-dealer, which is HCFD. And it likely was short funds to make those obligations under that — under its agreement, and so it provided a one-day loan because on the next business day on 12/1 — or the next	2 3 4 5 6 7 8 9	A. Yes. Q. And that is probably the loan that was approved on the prior page? A. Yes, most likely. Q. So is it also true, sir, that in addition to accounts payable debtor employees would be assisting NexPoint with respect to paying back its debt? MR. MORRIS: Objection to the form	Page 333
2 3 4 5 6 7 8 9 10	WATERHOUSE - 10-19-21 looking at — I'm — I'm looking at the date of this email. It is November 30th. It is the last day of the month. HCMFA has obligations it needs to pay to its broker-dealer, which is HCFD. And it likely was short funds to make those obligations under that — under its agreement, and so it provided a one-day loan because on the next business day on 12/1 — or the next business day in December, it would receive	2 3 4 5 6 7 8 9 10	A. Yes. Q. And that is probably the loan that was approved on the prior page? A. Yes, most likely. Q. So is it also true, sir, that in addition to accounts payable debtor employees would be assisting NexPoint with respect to paying back its debt? MR. MORRIS: Objection to the form of the question.	Page 333
2 3 4 5 6 7 8 9 10 11 12	WATERHOUSE - 10-19-21 looking at I'm I'm looking at the date of this email. It is November 30th. It is the last day of the month. HCMFA has obligations it needs to pay to its broker-dealer, which is HCFD. And it likely was short funds to make those obligations under that under its agreement, and so it provided a one-day loan because on the next business day on 12/1 or the next business day in December, it would receive management fees from the underlying funds that	2 3 4 5 6 7 8 9 10 11 12	A. Yes. Q. And that is probably the loan that was approved on the prior page? A. Yes, most likely. Q. So is it also true, sir, that in addition to accounts payable debtor employees would be assisting NexPoint with respect to paying back its debt? MR. MORRIS: Objection to the form of the question. A. I mean, yes, for loans of this	Page 333
2 3 4 5 6 7 8 9 10 11 12 13	WATERHOUSE - 10-19-21 looking at — I'm — I'm looking at the date of this email. It is November 30th. It is the last day of the month. HCMFA has obligations it needs to pay to its broker-dealer, which is HCFD. And it likely was short funds to make those obligations under that — under its agreement, and so it provided a one-day loan because on the next business day on 12/1 — or the next business day in December, it would receive management fees from the underlying funds that it managed and it would be able to pay back	2 3 4 5 6 7 8 9 10 11 12 13	A. Yes. Q. And that is probably the loan that was approved on the prior page? A. Yes, most likely. Q. So is it also true, sir, that in addition to accounts payable debtor employees would be assisting NexPoint with respect to paying back its debt? MR. MORRIS: Objection to the form of the question. A. I mean, yes, for loans of this nature, yes.	Page 333
2 3 4 5 6 7 8 9 10 11 12 13 14	WATERHOUSE - 10-19-21 looking at — I'm — I'm looking at the date of this email. It is November 30th. It is the last day of the month. HCMFA has obligations it needs to pay to its broker-dealer, which is HCFD. And it likely was short funds to make those obligations under that — under its agreement, and so it provided a one-day loan because on the next business day on 12/1 — or the next business day in December, it would receive management fees from the underlying funds that it managed and it would be able to pay back that loan to NexPoint Advisors.	2 3 4 5 6 7 8 9 10 11 12 13 14	A. Yes. Q. And that is probably the loan that was approved on the prior page? A. Yes, most likely. Q. So is it also true, sir, that in addition to accounts payable debtor employees would be assisting NexPoint with respect to paying back its debt? MR. MORRIS: Objection to the form of the question. A. I mean, yes, for loans of this nature, yes. Q. Well, what about long term loans?	Page 333
2 3 4 5 6 7 8 9 10 11 12 13 14 15	WATERHOUSE - 10-19-21 looking at — I'm — I'm looking at the date of this email. It is November 30th. It is the last day of the month. HCMFA has obligations it needs to pay to its broker-dealer, which is HCFD. And it likely was short funds to make those obligations under that — under its agreement, and so it provided a one-day loan because on the next business day on 12/1 — or the next business day in December, it would receive management fees from the underlying funds that it managed and it would be able to pay back that loan to NexPoint Advisors. Q. So — so here Ms. Hendrix was	2 3 4 5 6 7 8 9 10 11 12 13 14 15	A. Yes. Q. And that is probably the loan that was approved on the prior page? A. Yes, most likely. Q. So is it also true, sir, that in addition to accounts payable debtor employees would be assisting NexPoint with respect to paying back its debt? MR. MORRIS: Objection to the form of the question. A. I mean, yes, for loans of this nature, yes. Q. Well, what about long term loans? Was it reasonable for NexPoint to expect debtor	Page 333
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	WATERHOUSE - 10-19-21 looking at — I'm — I'm looking at the date of this email. It is November 30th. It is the last day of the month. HCMFA has obligations it needs to pay to its broker-dealer, which is HCFD. And it likely was short funds to make those obligations under that — under its agreement, and so it provided a one-day loan because on the next business day on 12/1 — or the next business day in December, it would receive management fees from the underlying funds that it managed and it would be able to pay back that loan to NexPoint Advisors. Q. So — so here Ms. Hendrix was seeking your approval to transfer \$325,000 from	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	A. Yes. Q. And that is probably the loan that was approved on the prior page? A. Yes, most likely. Q. So is it also true, sir, that in addition to accounts payable debtor employees would be assisting NexPoint with respect to paying back its debt? MR. MORRIS: Objection to the form of the question. A. I mean, yes, for loans of this nature, yes. Q. Well, what about long term loans? Was it reasonable for NexPoint to expect debtor employees to ensure that NexPoint timely paid	Page 333
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	WATERHOUSE - 10-19-21 looking at — I'm — I'm looking at the date of this email. It is November 30th. It is the last day of the month. HCMFA has obligations it needs to pay to its broker-dealer, which is HCFD. And it likely was short funds to make those obligations under that — under its agreement, and so it provided a one-day loan because on the next business day on 12/1 — or the next business day in December, it would receive management fees from the underlying funds that it managed and it would be able to pay back that loan to NexPoint Advisors. Q. So — so here Ms. Hendrix was seeking your approval to transfer \$325,000 from NexPoint to HCMFA for a one-day loan; is that correct? A. That is correct.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	A. Yes. Q. And that is probably the loan that was approved on the prior page? A. Yes, most likely. Q. So is it also true, sir, that in addition to accounts payable debtor employees would be assisting NexPoint with respect to paying back its debt? MR. MORRIS: Objection to the form of the question. A. I mean, yes, for loans of this nature, yes. Q. Well, what about long term loans? Was it reasonable for NexPoint to expect debtor employees to ensure that NexPoint timely paid its obligations under long-term notes? MR. MORRIS: Objection to the form of the question.	Page 333
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	WATERHOUSE - 10-19-21 looking at — I'm — I'm looking at the date of this email. It is November 30th. It is the last day of the month. HCMFA has obligations it needs to pay to its broker-dealer, which is HCFD. And it likely was short funds to make those obligations under that — under its agreement, and so it provided a one-day loan because on the next business day on 12/1 — or the next business day in December, it would receive management fees from the underlying funds that it managed and it would be able to pay back that loan to NexPoint Advisors. Q. So — so here Ms. Hendrix was seeking your approval to transfer \$325,000 from NexPoint to HCMFA for a one-day loan; is that correct? A. That is correct. Q. Let's flip to the next page, sir.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	A. Yes. Q. And that is probably the loan that was approved on the prior page? A. Yes, most likely. Q. So is it also true, sir, that in addition to accounts payable debtor employees would be assisting NexPoint with respect to paying back its debt? MR. MORRIS: Objection to the form of the question. A. I mean, yes, for loans of this nature, yes. Q. Well, what about long term loans? Was it reasonable for NexPoint to expect debtor employees to ensure that NexPoint timely paid its obligations under long-term notes? MR. MORRIS: Objection to the form of the question. MS. DANDENEAU: Objection to form.	Page 333
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	WATERHOUSE - 10-19-21 looking at — I'm — I'm looking at the date of this email. It is November 30th. It is the last day of the month. HCMFA has obligations it needs to pay to its broker-dealer, which is HCFD. And it likely was short funds to make those obligations under that — under its agreement, and so it provided a one-day loan because on the next business day on 12/1 — or the next business day in December, it would receive management fees from the underlying funds that it managed and it would be able to pay back that loan to NexPoint Advisors. Q. So — so here Ms. Hendrix was seeking your approval to transfer \$325,000 from NexPoint to HCMFA for a one-day loan; is that correct? A. That is correct. Q. Let's flip to the next page, sir. MR. RUKAVINA: And, Mr. Nguyen, if	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	A. Yes. Q. And that is probably the loan that was approved on the prior page? A. Yes, most likely. Q. So is it also true, sir, that in addition to accounts payable debtor employees would be assisting NexPoint with respect to paying back its debt? MR. MORRIS: Objection to the form of the question. A. I mean, yes, for loans of this nature, yes. Q. Well, what about long term loans? Was it reasonable for NexPoint to expect debtor employees to ensure that NexPoint timely paid its obligations under long-term notes? MR. MORRIS: Objection to the form of the question. MS. DANDENEAU: Objection to form. A. I mean, that is one of the things	Page 333
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	WATERHOUSE - 10-19-21 looking at – I'm – I'm looking at the date of this email. It is November 30th. It is the last day of the month. HCMFA has obligations it needs to pay to its broker-dealer, which is HCFD. And it likely was short funds to make those obligations under that – under its agreement, and so it provided a one-day loan because on the next business day on 12/1 – or the next business day in December, it would receive management fees from the underlying funds that it managed and it would be able to pay back that loan to NexPoint Advisors. Q. So – so here Ms. Hendrix was seeking your approval to transfer \$325,000 from NexPoint to HCMFA for a one-day loan; is that correct? A. That is correct. Q. Let's flip to the next page, sir. MR. RUKAVINA: And, Mr. Nguyen, if you will please scroll down.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	A. Yes. Q. And that is probably the loan that was approved on the prior page? A. Yes, most likely. Q. So is it also true, sir, that in addition to accounts payable debtor employees would be assisting NexPoint with respect to paying back its debt? MR. MORRIS: Objection to the form of the question. A. I mean, yes, for loans of this nature, yes. Q. Well, what about long term loans? Was it reasonable for NexPoint to expect debtor employees to ensure that NexPoint timely paid its obligations under long-term notes? MR. MORRIS: Objection to the form of the question. MS. DANDENEAU: Objection to form. A. I mean, that is one of the things that the Highland personnel did provide to the	Page 333
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	WATERHOUSE - 10-19-21 looking at – I'm – I'm looking at the date of this email. It is November 30th. It is the last day of the month. HCMFA has obligations it needs to pay to its broker-dealer, which is HCFD. And it likely was short funds to make those obligations under that – under its agreement, and so it provided a one-day loan because on the next business day on 12/1 – or the next business day in December, it would receive management fees from the underlying funds that it managed and it would be able to pay back that loan to NexPoint Advisors. Q. So – so here Ms. Hendrix was seeking your approval to transfer \$325,000 from NexPoint to HCMFA for a one-day loan; is that correct? A. That is correct. Q. Let's flip to the next page, sir. MR. RUKAVINA: And, Mr. Nguyen, if you will please scroll down. Q. Now we have as an entry for	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. Yes. Q. And that is probably the loan that was approved on the prior page? A. Yes, most likely. Q. So is it also true, sir, that in addition to accounts payable debtor employees would be assisting NexPoint with respect to paying back its debt? MR. MORRIS: Objection to the form of the question. A. I mean, yes, for loans of this nature, yes. Q. Well, what about long term loans? Was it reasonable for NexPoint to expect debtor employees to ensure that NexPoint timely paid its obligations under long-term notes? MR. MORRIS: Objection to the form of the question. MS. DANDENEAU: Objection to form. A. I mean, that is one of the things that the Highland personnel did provide to the advisors. Yes, we would – we would – over	Page 333
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	WATERHOUSE - 10-19-21 looking at – I'm – I'm looking at the date of this email. It is November 30th. It is the last day of the month. HCMFA has obligations it needs to pay to its broker-dealer, which is HCFD. And it likely was short funds to make those obligations under that – under its agreement, and so it provided a one-day loan because on the next business day on 12/1 – or the next business day in December, it would receive management fees from the underlying funds that it managed and it would be able to pay back that loan to NexPoint Advisors. Q. So – so here Ms. Hendrix was seeking your approval to transfer \$325,000 from NexPoint to HCMFA for a one-day loan; is that correct? A. That is correct. Q. Let's flip to the next page, sir. MR. RUKAVINA: And, Mr. Nguyen, if you will please scroll down. Q. Now we have as an entry for \$325,000, 11/30 loan payment.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	A. Yes. Q. And that is probably the loan that was approved on the prior page? A. Yes, most likely. Q. So is it also true, sir, that in addition to accounts payable debtor employees would be assisting NexPoint with respect to paying back its debt? MR. MORRIS: Objection to the form of the question. A. I mean, yes, for loans of this nature, yes. Q. Well, what about long term loans? Was it reasonable for NexPoint to expect debtor employees to ensure that NexPoint timely paid its obligations under long-term notes? MR. MORRIS: Objection to the form of the question. MS. DANDENEAU: Objection to form. A. I mean, that is one of the things that the Highland personnel did provide to the advisors. Yes, we would – we would – over the years, yes, we – we – we – we did do	Page 333
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	WATERHOUSE - 10-19-21 looking at – I'm – I'm looking at the date of this email. It is November 30th. It is the last day of the month. HCMFA has obligations it needs to pay to its broker-dealer, which is HCFD. And it likely was short funds to make those obligations under that – under its agreement, and so it provided a one-day loan because on the next business day on 12/1 – or the next business day in December, it would receive management fees from the underlying funds that it managed and it would be able to pay back that loan to NexPoint Advisors. Q. So – so here Ms. Hendrix was seeking your approval to transfer \$325,000 from NexPoint to HCMFA for a one-day loan; is that correct? A. That is correct. Q. Let's flip to the next page, sir. MR. RUKAVINA: And, Mr. Nguyen, if you will please scroll down. Q. Now we have as an entry for	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. Yes. Q. And that is probably the loan that was approved on the prior page? A. Yes, most likely. Q. So is it also true, sir, that in addition to accounts payable debtor employees would be assisting NexPoint with respect to paying back its debt? MR. MORRIS: Objection to the form of the question. A. I mean, yes, for loans of this nature, yes. Q. Well, what about long term loans? Was it reasonable for NexPoint to expect debtor employees to ensure that NexPoint timely paid its obligations under long-term notes? MR. MORRIS: Objection to the form of the question. MS. DANDENEAU: Objection to form. A. I mean, that is one of the things that the Highland personnel did provide to the advisors. Yes, we would – we would – over	Page 333

	Pa	ge 334			Page 335
1	WATERHOUSE - 10-19-21	ge 334	1	WATERHOUSE - 10-19-21	1 age 555
2	specifically but, yes, generally we – you		2	the debtor would have played any role in	
3	know, we did do that.		3	NexPoint having made those prior payments?	
4	Q. So do you recall – and we can pull		4	MR. MORRIS: Objection to the form	
5	it up, if need be that under the NexPoint		5	of the question.	
6	note that Mr. Morris asked you about earlier,		6	A. Yes.	
7	the one for more than \$30 million, that		7	Q. And what role in years prior to 2020	
8	NexPoint was obligated to make an annual		8	would employees of the debtor have had with	
9	payment of principal and interest?		9	respect to NexPoint making that annual payment?	
10	MR. MORRIS: Objection to the form		10	A. We we we would have I keep	
11	of the question.		11	saying "we." The team would have calculated	
12	A. Yes, it was – yes, it – it was an		12	any amounts due under that loan and other	
13	amortizing note. It was - you know, from what		13	loans, as – as standard course.	
14	we reviewed earlier, it was payable by		14	We would – since we provided	
15	December 31st of each year. So - but are -		15	treasury services to the advisors, we would	
16	are you asking me -		16	inform the the the we informed	
17	Q. I'm just asking you, sir, if you		17	Mr. Dondero of any cash obligations that are	
18	recall the note.		18	forthcoming, whether we do cash projections.	
19	A. Yes, the \$30 million note, yes, we		19	If, you know, any of these payments	
20	reviewed it earlier, yes.		20	would have – or, you know, the sum total of	
21	Q. And do you recall Mr. Morris had you		21	all of these payments, including any note	
22	go through the fact that NexPoint had made		22	payments, if there were any cash shortfalls, we	
23	payments in years prior to 2020 on that note?		23	would have informed Mr. Dondero of any cash	
24	A. I do.		24	shortfalls. We could adequately plan, you	
25	Q. And do you believe that employees of		25	know, in instances like that.	
└					ì
1		ge 336			Page 337
1	WATERHOUSE - 10-19-21	ge 336	1	WATERHOUSE - 10-19-21	Page 337
1 2	WATERHOUSE - 10-19-21 Or, sorry, we – I say "we" – I	ge 336		or accounting would have sent some schedule or	Page 337
ı	WATERHOUSE - 10-19-21 Or, sorry, we – I say "we" – I keep saying "we" – I keep wearing my – again,	ge 336		or accounting would have sent some schedule or a reminder that a payment would be coming due	Page 337
2 3 4	WATERHOUSE - 10-19-21 Or, sorry, we – I say "we" – I keep saying "we" – I keep wearing my – again, my – my treasurer hat.	ge 336	2 3 4	or accounting would have sent some schedule or a reminder that a payment would be coming due in the future. Is that generally the practice?	Page 337
2 3	WATERHOUSE - 10-19-21 Or, sorry, we – I say "we" – I keep saying "we" – I keep wearing my – again, my – my treasurer hat. But, yes, it is to – it is to	ge 336	2 3 4 5	or accounting would have sent some schedule or a reminder that a payment would be coming due in the future. Is that generally the practice? A. Yes, we would – you know, again, I	Page 337
2 3 4	WATERHOUSE - 10-19-21 Or, sorry, we – I say "we" – I keep saying "we" – I keep wearing my – again, my – my treasurer hat. But, yes, it is to – it is to inform Mr. Dondero of the obligations of the	ge 336	2 3 4 5 6	or accounting would have sent some schedule or a reminder that a payment would be coming due in the future. Is that generally the practice? A. Yes, we would – you know, again, I didn't – I didn't micromanage the teams, but	Page 337
2 3 4 5	WATERHOUSE - 10-19-21 Or, sorry, we – I say "we" – I keep saying "we" – I keep wearing my – again, my – my treasurer hat. But, yes, it is to – it is to inform Mr. Dondero of the obligations of the advisors in terms of cash and obligations that	ge 336	2 3 4 5 6 7	or accounting would have sent some schedule or a reminder that a payment would be coming due in the future. Is that generally the practice? A. Yes, we would – you know, again, I didn't – I didn't micromanage the teams, but we had a – a corporate accounting calendar	Page 337
2 3 4 5	WATERHOUSE - 10-19-21 Or, sorry, we – I say "we" – I keep saying "we" – I keep wearing my – again, my – my treasurer hat. But, yes, it is to – it is to inform Mr. Dondero of the obligations of the advisors in terms of cash and obligations that are – are upcoming and that – and that are –	ge 336	2 3 4 5 6 7 8	or accounting would have sent some schedule or a reminder that a payment would be coming due in the future. Is that generally the practice? A. Yes, we would – you know, again, I didn't – I didn't micromanage the teams, but we had a – a corporate accounting calendar that we use as kind of a tickler file to keep	Page 337
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 Or, sorry, we – I say "we" – I keep saying "we" – I keep wearing my – again, my – my treasurer hat. But, yes, it is to – it is to inform Mr. Dondero of the obligations of the advisors in terms of cash and obligations that are – are upcoming and that – and that are – are scheduled to be paid.		2 3 4 5 6 7 8 9	or accounting would have sent some schedule or a reminder that a payment would be coming due in the future. Is that generally the practice? A. Yes, we would – you know, again, I didn't – I didn't micromanage the teams, but we had a – a corporate accounting calendar that we use as kind of a tickler file to keep track of payments.	Page 337
2 3 4 5 6 7 8	WATERHOUSE - 10-19-21 Or, sorry, we – I say "we" – I keep saying "we" – I keep wearing my – again, my – my treasurer hat. But, yes, it is to – it is to inform Mr. Dondero of the obligations of the advisors in terms of cash and obligations that are – are upcoming and that – and that are – are scheduled to be paid. Q. And would those obligations that are		2 3 4 5 6 7 8 9	or accounting would have sent some schedule or a reminder that a payment would be coming due in the future. Is that generally the practice? A. Yes, we would – you know, again, I didn't – I didn't micromanage the teams, but we had a – a corporate accounting calendar that we use as kind of a tickler file to keep track of payments. I actually, you know, don't know how	Page 337
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 Or, sorry, we – I say "we" – I keep saying "we" – I keep wearing my – again, my – my treasurer hat. But, yes, it is to – it is to inform Mr. Dondero of the obligations of the advisors in terms of cash and obligations that are – are upcoming and that – and that are – are scheduled to be paid. Q. And would those obligations that are upcoming and scheduled to be paid prior to 2020		2 3 4 5 6 7 8 9 10	or accounting would have sent some schedule or a reminder that a payment would be coming due in the future. Is that generally the practice? A. Yes, we would – you know, again, I didn't – I didn't micromanage the teams, but we had a – a corporate accounting calendar that we use as kind of a tickler file to keep track of payments. I actually, you know, don't know how actively they're using that in – in prior to	Page 337
2 3 4 5 6 7 8 9 10 11 12	WATERHOUSE - 10-19-21 Or, sorry, we – I say "we" – I keep saying "we" – I keep wearing my – again, my – my treasurer hat. But, yes, it is to – it is to inform Mr. Dondero of the obligations of the advisors in terms of cash and obligations that are – are upcoming and that – and that are – are scheduled to be paid. Q. And would those obligations that are upcoming and scheduled to be paid prior to 2020 have incurred the annual payment on that		2 3 4 5 6 7 8 9 10 11 12	or accounting would have sent some schedule or a reminder that a payment would be coming due in the future. Is that generally the practice? A. Yes, we would – you know, again, I didn't – I didn't micromanage the teams, but we had a – a corporate accounting calendar that we use as kind of a tickler file to keep track of payments. I actually, you know, don't know how actively they're using that in – in prior to 2020, but it was actively used at some point.	Page 337
2 3 4 5 6 7 8 9 10 11 12 13	WATERHOUSE - 10-19-21 Or, sorry, we – I say "we" – I keep saying "we" – I keep wearing my – again, my – my treasurer hat. But, yes, it is to – it is to inform Mr. Dondero of the obligations of the advisors in terms of cash and obligations that are – are upcoming and that – and that are – are scheduled to be paid. Q. And would those obligations that are upcoming and scheduled to be paid prior to 2020 have incurred the annual payment on that NexPoint \$30 million note?		2 3 4 5 6 7 8 9 10 11 12 13	or accounting would have sent some schedule or a reminder that a payment would be coming due in the future. Is that generally the practice? A. Yes, we would – you know, again, I didn't – I didn't micromanage the teams, but we had a – a corporate accounting calendar that we use as kind of a tickler file to keep track of payments. I actually, you know, don't know how actively they're using that in – in prior to 2020, but it was actively used at some point. We did look at NexPoint cash	Page 337
2 3 4 5 6 7 8 9 10 11 12 13	WATERHOUSE - 10-19-21 Or, sorry, we — I say "we" — I keep saying "we" — I keep wearing my — again, my — my treasurer hat. But, yes, it is to — it is to inform Mr. Dondero of the obligations of the advisors in terms of cash and obligations that are — are upcoming and that — and that are — are scheduled to be paid. Q. And would those obligations that are upcoming and scheduled to be paid prior to 2020 have incurred the annual payment on that NexPoint \$30 million note? MS. DANDENEAU: Objection to form.		2 3 4 5 6 7 8 9 10 11 12 13 14	or accounting would have sent some schedule or a reminder that a payment would be coming due in the future. Is that generally the practice? A. Yes, we would – you know, again, I didn't – I didn't micromanage the teams, but we had a – a corporate accounting calendar that we use as kind of a tickler file to keep track of payments. I actually, you know, don't know how actively they're using that in – in prior to 2020, but it was actively used at some point. We did look at NexPoint cash periodically and cash for the other advisors as	Page 337
2 3 4 5 6 7 8 9 10 11 12 13 14 15	WATERHOUSE - 10-19-21 Or, sorry, we – I say "we" – I keep saying "we" – I keep wearing my – again, my – my treasurer hat. But, yes, it is to – it is to inform Mr. Dondero of the obligations of the advisors in terms of cash and obligations that are – are upcoming and that – and that are – are scheduled to be paid. Q. And would those obligations that are upcoming and scheduled to be paid prior to 2020 have incurred the annual payment on that NexPoint \$30 million note? MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Davor, I think		2 3 4 5 6 7 8 9 10 11 12 13 14 15	or accounting would have sent some schedule or a reminder that a payment would be coming due in the future. Is that generally the practice? A. Yes, we would – you know, again, I didn't – I didn't micromanage the teams, but we had a – a corporate accounting calendar that we use as kind of a tickler file to keep track of payments. I actually, you know, don't know how actively they're using that in – in prior to 2020, but it was actively used at some point. We did look at NexPoint cash periodically and cash for the other advisors as well and payments. You know, we – payments	Page 337
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	WATERHOUSE - 10-19-21 Or, sorry, we – I say "we" – I keep saying "we" – I keep wearing my – again, my – my treasurer hat. But, yes, it is to – it is to inform Mr. Dondero of the obligations of the advisors in terms of cash and obligations that are – are upcoming and that – and that are – are scheduled to be paid. Q. And would those obligations that are upcoming and scheduled to be paid prior to 2020 have incurred the annual payment on that NexPoint \$30 million note? MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Davor, I think you misspoke. You might want to just		2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	or accounting would have sent some schedule or a reminder that a payment would be coming due in the future. Is that generally the practice? A. Yes, we would – you know, again, I didn't – I didn't micromanage the teams, but we had a – a corporate accounting calendar that we use as kind of a tickler file to keep track of payments. I actually, you know, don't know how actively they're using that in – in prior to 2020, but it was actively used at some point. We did look at NexPoint cash periodically and cash for the other advisors as well and payments. You know, we – payments like this would have appeared in our cash	Page 337
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	WATERHOUSE - 10-19-21 Or, sorry, we – I say "we" – I keep saying "we" – I keep wearing my – again, my – my treasurer hat. But, yes, it is to – it is to inform Mr. Dondero of the obligations of the advisors in terms of cash and obligations that are – are upcoming and that – and that are – are scheduled to be paid. Q. And would those obligations that are upcoming and scheduled to be paid prior to 2020 have incurred the annual payment on that NexPoint \$30 million note? MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Davor, I think you misspoke. You might want to just repeat the question.		2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	or accounting would have sent some schedule or a reminder that a payment would be coming due in the future. Is that generally the practice? A. Yes, we would – you know, again, I didn't – I didn't micromanage the teams, but we had a – a corporate accounting calendar that we use as kind of a tickler file to keep track of payments. I actually, you know, don't know how actively they're using that in – in prior to 2020, but it was actively used at some point. We did look at NexPoint cash periodically and cash for the other advisors as well and payments. You know, we – payments like this would have appeared in our cash projections, in the advisor's cash projections.	Page 337
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	WATERHOUSE - 10-19-21 Or, sorry, we – I say "we" – I keep saying "we" – I keep wearing my – again, my – my treasurer hat. But, yes, it is to – it is to inform Mr. Dondero of the obligations of the advisors in terms of cash and obligations that are – are upcoming and that – and that are – are scheduled to be paid. Q. And would those obligations that are upcoming and scheduled to be paid prior to 2020 have incurred the annual payment on that NexPoint \$30 million note? MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Davor, I think you misspoke. You might want to just repeat the question. Q. Okay. Let me repeat the question,		2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	or accounting would have sent some schedule or a reminder that a payment would be coming due in the future. Is that generally the practice? A. Yes, we would – you know, again, I didn't – I didn't micromanage the teams, but we had a – a corporate accounting calendar that we use as kind of a tickler file to keep track of payments. I actually, you know, don't know how actively they're using that in – in prior to 2020, but it was actively used at some point. We did look at NexPoint cash periodically and cash for the other advisors as well and payments. You know, we – payments like this would have appeared in our cash projections, in the advisor's cash projections. And, again, as like I said earlier,	Page 337
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	WATERHOUSE - 10-19-21 Or, sorry, we – I say "we" – I keep saying "we" – I keep wearing my – again, my – my treasurer hat. But, yes, it is to – it is to inform Mr. Dondero of the obligations of the advisors in terms of cash and obligations that are – are upcoming and that – and that are – are scheduled to be paid. Q. And would those obligations that are upcoming and scheduled to be paid prior to 2020 have incurred the annual payment on that NexPoint \$30 million note? MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Davor, I think you misspoke. You might want to just repeat the question. Q. Okay. Let me repeat the question, sir.		2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	or accounting would have sent some schedule or a reminder that a payment would be coming due in the future. Is that generally the practice? A. Yes, we would – you know, again, I didn't – I didn't micromanage the teams, but we had a – a corporate accounting calendar that we use as kind of a tickler file to keep track of payments. I actually, you know, don't know how actively they're using that in – in prior to 2020, but it was actively used at some point. We did look at NexPoint cash periodically and cash for the other advisors as well and payments. You know, we – payments like this would have appeared in our cash projections, in the advisor's cash projections. And, again, as like I said earlier, they would have appeared there, so there would	Page 337
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	WATERHOUSE - 10-19-21 Or, sorry, we – I say "we" – I keep saying "we" – I keep wearing my – again, my – my treasurer hat. But, yes, it is to – it is to inform Mr. Dondero of the obligations of the advisors in terms of cash and obligations that are – are upcoming and that – and that are – are scheduled to be paid. Q. And would those obligations that are upcoming and scheduled to be paid prior to 2020 have incurred the annual payment on that NexPoint \$30 million note? MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Davor, I think you misspoke. You might want to just repeat the question. Q. Okay. Let me repeat the question, sir. Prior to 2020, those services that		2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	or accounting would have sent some schedule or a reminder that a payment would be coming due in the future. Is that generally the practice? A. Yes, we would – you know, again, I didn't – I didn't micromanage the teams, but we had a – a corporate accounting calendar that we use as kind of a tickler file to keep track of payments. I actually, you know, don't know how actively they're using that in – in prior to 2020, but it was actively used at some point. We did look at NexPoint cash periodically and cash for the other advisors as well and payments. You know, we – payments like this would have appeared in our cash projections, in the advisor's cash projections. And, again, as like I said earlier, they would have appeared there, so there would be time to plan for making any of these	Page 337
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	WATERHOUSE - 10-19-21 Or, sorry, we — I say "we" — I keep saying "we" — I keep wearing my — again, my — my treasurer hat. But, yes, it is to — it is to inform Mr. Dondero of the obligations of the advisors in terms of cash and obligations that are — are upcoming and that — and that are — are scheduled to be paid. Q. And would those obligations that are upcoming and scheduled to be paid prior to 2020 have incurred the annual payment on that NexPoint \$30 million note? MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Davor, I think you misspoke. You might want to just repeat the question. Q. Okay. Let me repeat the question, sir. Prior to 2020, those services that you just described, would that — on behalf of		2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	or accounting would have sent some schedule or a reminder that a payment would be coming due in the future. Is that generally the practice? A. Yes, we would – you know, again, I didn't – I didn't micromanage the teams, but we had a – a corporate accounting calendar that we use as kind of a tickler file to keep track of payments. I actually, you know, don't know how actively they're using that in – in prior to 2020, but it was actively used at some point. We did look at NexPoint cash periodically and cash for the other advisors as well and payments. You know, we – payments like this would have appeared in our cash projections, in the advisor's cash projections. And, again, as like I said earlier, they would have appeared there, so there would be time to plan for making any of these payments.	Page 337
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	WATERHOUSE - 10-19-21 Or, sorry, we - I say "we" - I keep saying "we" - I keep wearing my - again, my - my treasurer hat. But, yes, it is to - it is to inform Mr. Dondero of the obligations of the advisors in terms of cash and obligations that are - are upcoming and that - and that are - are scheduled to be paid. Q. And would those obligations that are upcoming and scheduled to be paid prior to 2020 have incurred the annual payment on that NexPoint \$30 million note? MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Davor, I think you misspoke. You might want to just repeat the question. Q. Okay. Let me repeat the question, sir. Prior to 2020, those services that you just described, would that - on behalf of the debtor, would that have included NexPoint's		2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	or accounting would have sent some schedule or a reminder that a payment would be coming due in the future. Is that generally the practice? A. Yes, we would – you know, again, I didn't – I didn't micromanage the teams, but we had a – a corporate accounting calendar that we use as kind of a tickler file to keep track of payments. I actually, you know, don't know how actively they're using that in – in prior to 2020, but it was actively used at some point. We did look at NexPoint cash periodically and cash for the other advisors as well and payments. You know, we – payments like this would have appeared in our cash projections, in the advisor's cash projections. And, again, as like I said earlier, they would have appeared there, so there would be time to plan for making any of these payments. Q. And based on your experience, would	Page 337
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	WATERHOUSE - 10-19-21 Or, sorry, we — I say "we" — I keep saying "we" — I keep wearing my — again, my — my treasurer hat. But, yes, it is to — it is to inform Mr. Dondero of the obligations of the advisors in terms of cash and obligations that are — are upcoming and that — and that are — are scheduled to be paid. Q. And would those obligations that are upcoming and scheduled to be paid prior to 2020 have incurred the annual payment on that NexPoint \$30 million note? MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Davor, I think you misspoke. You might want to just repeat the question. Q. Okay. Let me repeat the question, sir. Prior to 2020, those services that you just described, would that — on behalf of the debtor, would that have included NexPoint's payments on the \$30 million note?		2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	or accounting would have sent some schedule or a reminder that a payment would be coming due in the future. Is that generally the practice? A. Yes, we would – you know, again, I didn't – I didn't micromanage the teams, but we had a – a corporate accounting calendar that we use as kind of a tickler file to keep track of payments. I actually, you know, don't know how actively they're using that in – in prior to 2020, but it was actively used at some point. We did look at NexPoint cash periodically and cash for the other advisors as well and payments. You know, we – payments like this would have appeared in our cash projections, in the advisor's cash projections. And, again, as like I said earlier, they would have appeared there, so there would be time to plan for making any of these payments. Q. And based on your experience, would it have been reasonable for NexPoint to rely on	Page 337
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	WATERHOUSE - 10-19-21 Or, sorry, we — I say "we" — I keep saying "we" — I keep wearing my — again, my — my treasurer hat. But, yes, it is to — it is to inform Mr. Dondero of the obligations of the advisors in terms of cash and obligations that are — are upcoming and that — and that are — are scheduled to be paid. Q. And would those obligations that are upcoming and scheduled to be paid prior to 2020 have incurred the annual payment on that NexPoint \$30 million note? MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Davor, I think you misspoke. You might want to just repeat the question. Q. Okay. Let me repeat the question, sir. Prior to 2020, those services that you just described, would that — on behalf of the debtor, would that have included NexPoint's payments on the \$30 million note? A. Yes.		2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	or accounting would have sent some schedule or a reminder that a payment would be coming due in the future. Is that generally the practice? A. Yes, we would – you know, again, I didn't – I didn't micromanage the teams, but we had a – a corporate accounting calendar that we use as kind of a tickler file to keep track of payments. I actually, you know, don't know how actively they're using that in – in prior to 2020, but it was actively used at some point. We did look at NexPoint cash periodically and cash for the other advisors as well and payments. You know, we – payments like this would have appeared in our cash projections, in the advisor's cash projections. And, again, as like I said earlier, they would have appeared there, so there would be time to plan for making any of these payments. Q. And based on your experience, would it have been reasonable for NexPoint to rely on the debtors' employees to inform NexPoint of an	Page 337
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	WATERHOUSE - 10-19-21 Or, sorry, we — I say "we" — I keep saying "we" — I keep wearing my — again, my — my treasurer hat. But, yes, it is to — it is to inform Mr. Dondero of the obligations of the advisors in terms of cash and obligations that are — are upcoming and that — and that are — are scheduled to be paid. Q. And would those obligations that are upcoming and scheduled to be paid prior to 2020 have incurred the annual payment on that NexPoint \$30 million note? MS. DANDENEAU: Objection to form. MS. DEITSCH-PEREZ: Davor, I think you misspoke. You might want to just repeat the question. Q. Okay. Let me repeat the question, sir. Prior to 2020, those services that you just described, would that — on behalf of the debtor, would that have included NexPoint's payments on the \$30 million note?		2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	or accounting would have sent some schedule or a reminder that a payment would be coming due in the future. Is that generally the practice? A. Yes, we would – you know, again, I didn't – I didn't micromanage the teams, but we had a – a corporate accounting calendar that we use as kind of a tickler file to keep track of payments. I actually, you know, don't know how actively they're using that in – in prior to 2020, but it was actively used at some point. We did look at NexPoint cash periodically and cash for the other advisors as well and payments. You know, we – payments like this would have appeared in our cash projections, in the advisor's cash projections. And, again, as like I said earlier, they would have appeared there, so there would be time to plan for making any of these payments. Q. And based on your experience, would it have been reasonable for NexPoint to rely on	Page 337

1	Pa WATERHOUSE - 10-19-21	ge 338	Page 339 I WATERHOUSE - 10-19-21
2	promissory note?	2	
3	MR. MORRIS: Objection to form of	3	
4	the question.	4	
5	MS. DANDENEAU: Objection to form.	5	·
6	A. Yes. Yes, they did. I mean, but I	6	
7	mean, but I don't think these — these notes	7	
′	were any secret to anybody.	8	
8 0	Q. I understand, and I'm not suggesting	9	· · · · · ·
9			•
10	otherwise.	10	, ,
11	MR. RUKAVINA: Please pull up Alpha	11	, , ,
12	2, Mr. Nguyen.	12	
13	(Exhibit A2 marked.)	13	
14	Q. Now, this document is similar to the	14	1 ,
15	ones we've seen before as of December 31, 2020,	15	•
16	and I don't see under NTA anything there for	16	•
17	paying the promissory note to Highland.	17	•
18	Do you see anything like that?	18	8 A. I mean, what – what I recall is
19	A. I do not.	19	9 there was the – sorry, are you asking me –
20	MR. RUKAVINA: You can pull that -	20	0 MS. DANDENEAU: Why don't you just
21	that exhibit down, Mr. Nguyen.	2	1 repeat the question, Mr. Rukavina.
22	Q. You are aware, of course, by now	22	Q. Let me try again, Mr. Waterhouse,
23	that, in fact, NexPoint failed to make the	23	3 let me try again.
24	payment due December 31, 2020, are you not?	24	
25	A. I am aware, and yes, I do understand	25	,
	· Pa	ge 340	Page 341
1	WATERHOUSE - 10-19-21	1	
2	borrower failed to make the required payment.	2	MS. DANDENEAU: Objection to the
3	Are you with me so far?	3	3 form of the question.
4	A. Iam.	4	A. I don't recall.
5	Q. Did anyone then ask you, what should	5	Q. Do you recall in early to mid
6	we do with respect to our rights against the	6	
7	borrower that missed the payment?	7	the default with Mr. Dondero?
8	A. Not that I recall.	8	
9	Q. Did you play a role in the decision	9	
10	to accelerate that \$30 million promissory note?	10	
11	A. I did not.	1	
12	Q. Do you recall whether Mr. Seery ever	12	
l			,
13	asked you before the acceleration as to whether	13	· 1
14	he should accelerate the note?	14	,
15	A. I don't recall.	15	
16	Q. And you don't recall when you	16	•
17	learned of the acceleration itself?	17	ů ,
18	MR. MORRIS: Objection to the form	18	,
19	of that question.	19	
20	A. It was – it was sometime in	20	
21	early – in early 2021. I don't remember	2	
22	specifically.	22	2 Q. Were you discussing this same
23	Q. But do you recall whether it was	23	3 \$30 million note we're talking about right now
24	after the acceleration had already been	24	4 with Ms. Hendrix?
	1 10	١.,	
25	transmitted?	25	5 A. Yes.

D 040	David 24
Page 342 1 WATERHOUSE - 10-19-21	Page 34 1 WATERHOUSE - 10-19-21
2 Q. Okay. Do you recall what prompted	2 December of 2020. He called me from home. He
3 you to send that email to her?	3 said he was in court. He wanted to he asked
4 A. Yes, I had – I had a conversation	4 about, you know, making payment on the note and
5 with Jim.	5 the amount, and so I didn't have those numbers
6 Q. Okay. And what – what did you	6 in front of me, so I said I would get back to
7 discuss with Jim that led to this email chain?	7 him. I wanted all the details, so here is
8 A. He – he called me and he said he	8 this – so I reached out to Kristin.
9 wanted to make payment on the NexPoint note,	9 Q. And then she gave you that
10 and I didn't - I didn't know the - the amount	10 \$1,406,000 figure?
11 offhand, so I reached out to Kristin and got	11 MR. RUKAVINA: Mr. Nguyen, if you
12 the details and relayed that to him.	12 will scroll up, please.
13 Q. And you see you sent that email to	13 A. Yes. Yeah, she – the \$1,406,112.
14 her at 11:15 a.m. Does that help you remember	14 Q. And do you recall whether you
15 when you had this discussion with Mr. Dondero?	15 conveyed that amount to Mr. Dondero?
16 In other words, was it that morning or the day	16 A. Yes. I – I called him back and
17 before, or can you – can you –	17 gave him gave him this amount.
18 A. No, it was – it was that morning.	18 Q. Are you aware of whether NexPoint,
19 Q. And do you recall how you had that	19 in fact, then made that 1 million 406 and
20 conversation with him?	20 change payment?
21 MR. MORRIS: Objection to the form	21 A. Yes, they did.
22 of the question.	22 Q. Did you discuss with Mr. Dondero at
23 Q. By telephone, by email, in-person?	23 that time, either the first conference or the
24 A. Yeah, he – he called me. I was at	24 second conference that day – strike that.
25 home. We were working from home here in	When you conveyed the number to
Page 344	Page 34
Page 344 1 WATERHOUSE - 10-19-21	Page 34 1 WATERHOUSE - 10-19-21
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
1 WATERHOUSE - 10-19-21 2 Mr. Dondero, was – was it also on January	1 WATERHOUSE - 10-19-21 2 A. No.
1 WATERHOUSE - 10-19-21 2 Mr. Dondero, was – was it also on January 3 12th?	 WATERHOUSE - 10-19-21 A. No. Q. Did you tell him anything to the
1 WATERHOUSE - 10-19-21 2 Mr. Dondero, was – was it also on January 3 12th? 4 A. Sorry, when I conveyed the	 1 WATERHOUSE - 10-19-21 2 A. No. 3 Q. Did you tell him anything to the 4 effect that making that payment would not cure
1 WATERHOUSE - 10-19-21 2 Mr. Dondero, was – was it also on January 3 12th? 4 A. Sorry, when I conveyed the 5 \$1.4 million number?	 WATERHOUSE - 10-19-21 A. No. Q. Did you tell him anything to the effect that making that payment would not cure the default?
1 WATERHOUSE - 10-19-21 2 Mr. Dondero, was – was it also on January 3 12th? 4 A. Sorry, when I conveyed the 5 \$1.4 million number? 6 Q. Yes.	 WATERHOUSE - 10-19-21 A. No. Q. Did you tell him anything to the effect that making that payment would not cure the default? A. No.
 1 WATERHOUSE - 10-19-21 2 Mr. Dondero, was – was it also on January 3 12th? 4 A. Sorry, when I conveyed the 5 \$1.4 million number? 6 Q. Yes. 7 A. Yes, yes, it was that – it was – 	 WATERHOUSE - 10-19-21 A. No. Q. Did you tell him anything to the effect that making that payment would not cure the default? A. No. Q. Did you discuss that in any way with
 1 WATERHOUSE - 10-19-21 2 Mr. Dondero, was – was it also on January 3 12th? 4 A. Sorry, when I conveyed the 5 \$1.4 million number? 6 Q. Yes. 7 A. Yes, yes, it was that – it was – 8 Q. So you had – 	WATERHOUSE - 10-19-21 A. No. Did you tell him anything to the effect that making that payment would not cure the default? A. No. C. Did you discuss that in any way with him?
 1 WATERHOUSE - 10-19-21 2 Mr. Dondero, was – was it also on January 3 12th? 4 A. Sorry, when I conveyed the 5 \$1.4 million number? 6 Q. Yes. 7 A. Yes, yes, it was that – it was – 8 Q. So you had – 9 A. It was that point. 	WATERHOUSE - 10-19-21 A. No. Did you tell him anything to the effect that making that payment would not cure the default? A. No. Did you discuss that in any way with him? A. No, I did not.
 1 WATERHOUSE - 10-19-21 2 Mr. Dondero, was – was it also on January 3 12th? 4 A. Sorry, when I conveyed the 5 \$1.4 million number? 6 Q. Yes. 7 A. Yes, yes, it was that – it was – 8 Q. So you had – 9 A. It was that point. 10 Q. Well, to the best of your 11 recollection, you had a conference with 12 Mr. Dondero by the telephone in the morning, 	 WATERHOUSE - 10-19-21 A. No. Q. Did you tell him anything to the effect that making that payment would not cure the default? A. No. Q. Did you discuss that in any way with him? A. No, I did not. Q. Did he say why he wanted to have
 1 WATERHOUSE - 10-19-21 2 Mr. Dondero, was – was it also on January 3 12th? 4 A. Sorry, when I conveyed the 5 \$1.4 million number? 6 Q. Yes. 7 A. Yes, yes, it was that – it was – 8 Q. So you had – 9 A. It was that point. 10 Q. Well, to the best of your 11 recollection, you had a conference with 	WATERHOUSE - 10-19-21 A. No. Did you tell him anything to the effect that making that payment would not cure the default? A. No. C. Did you discuss that in any way with him? A. No, I did not. C. Did he say why he wanted to have that \$1.4 million payment made?
 1 WATERHOUSE - 10-19-21 2 Mr. Dondero, was – was it also on January 3 12th? 4 A. Sorry, when I conveyed the 5 \$1.4 million number? 6 Q. Yes. 7 A. Yes, yes, it was that – it was – 8 Q. So you had – 9 A. It was that point. 10 Q. Well, to the best of your 11 recollection, you had a conference with 12 Mr. Dondero by the telephone in the morning, 	 WATERHOUSE - 10-19-21 A. No. Q. Did you tell him anything to the d effect that making that payment would not cure the default? A. No. Q. Did you discuss that in any way with him? A. No, I did not. Q. Did he say why he wanted to have that \$1.4 million payment made? MR. MORRIS: Objection to the form
1 WATERHOUSE - 10-19-21 2 Mr. Dondero, was – was it also on January 3 12th? 4 A. Sorry, when I conveyed the 5 \$1.4 million number? 6 Q. Yes. 7 A. Yes, yes, it was that – it was – 8 Q. So you had – 9 A. It was that point. 10 Q. Well, to the best of your 11 recollection, you had a conference with 12 Mr. Dondero by the telephone in the morning, 13 and then another conference with him by	WATERHOUSE - 10-19-21 A. No. Q. Did you tell him anything to the effect that making that payment would not cure the default? A. No. Did you discuss that in any way with him? A. No, I did not. Q. Did he say why he wanted to have that \$1.4 million payment made? MR. MORRIS: Objection to the form of the question.
1 WATERHOUSE - 10-19-21 2 Mr. Dondero, was – was it also on January 3 12th? 4 A. Sorry, when I conveyed the 5 \$1.4 million number? 6 Q. Yes. 7 A. Yes, yes, it was that – it was – 8 Q. So you had – 9 A. It was that point. 10 Q. Well, to the best of your 11 recollection, you had a conference with 12 Mr. Dondero by the telephone in the morning, 13 and then another conference with him by 14 telephone after 11:40 a.m. that morning?	 WATERHOUSE - 10-19-21 A. No. Q. Did you tell him anything to the effect that making that payment would not cure the default? A. No. Q. Did you discuss that in any way with him? A. No, I did not. Q. Did he say why he wanted to have that \$1.4 million payment made? MR. MORRIS: Objection to the form of the question. A. He – he – he didn't go into
 1 WATERHOUSE - 10-19-21 2 Mr. Dondero, was – was it also on January 3 12th? 4 A. Sorry, when I conveyed the 5 \$1.4 million number? 6 Q. Yes. 7 A. Yes, yes, it was that – it was – 8 Q. So you had – 9 A. It was that point. 10 Q. Well, to the best of your 11 recollection, you had a conference with 12 Mr. Dondero by the telephone in the morning, 13 and then another conference with him by 14 telephone after 11:40 a.m. that morning? 15 A. Yeah, I can't remember – yeah, it 	 WATERHOUSE - 10-19-21 A. No. Q. Did you tell him anything to the d effect that making that payment would not cure the default? A. No. Q. Did you discuss that in any way with him? A. No, I did not. Q. Did he say why he wanted to have that \$1.4 million payment made? MR. MORRIS: Objection to the form of the question. A. He – he – he didn't go into specifics.
1 WATERHOUSE - 10-19-21 2 Mr. Dondero, was – was it also on January 3 12th? 4 A. Sorry, when I conveyed the 5 \$1.4 million number? 6 Q. Yes. 7 A. Yes, yes, it was that – it was – 8 Q. So you had – 9 A. It was that point. 10 Q. Well, to the best of your 11 recollection, you had a conference with 12 Mr. Dondero by the telephone in the morning, 13 and then another conference with him by 14 telephone after 11:40 a.m. that morning? 15 A. Yeah, I can't remember – yeah, it 16 was either that morning or it could have been,	 WATERHOUSE - 10-19-21 A. No. Q. Did you tell him anything to the deffect that making that payment would not cure the default? A. No. Q. Did you discuss that in any way with him? A. No, I did not. Q. Did he say why he wanted to have that \$1.4 million payment made? MR. MORRIS: Objection to the form of the question. A. He – he – he didn't go into specifics. Q. Did he say anything to you to the
1 WATERHOUSE - 10-19-21 2 Mr. Dondero, was – was it also on January 3 12th? 4 A. Sorry, when I conveyed the 5 \$1.4 million number? 6 Q. Yes. 7 A. Yes, yes, it was that – it was – 8 Q. So you had – 9 A. It was that point. 10 Q. Well, to the best of your 11 recollection, you had a conference with 12 Mr. Dondero by the telephone in the morning, 13 and then another conference with him by 14 telephone after 11:40 a.m. that morning? 15 A. Yeah, I can't remember – yeah, it 16 was either that morning or it could have been, 17 you know, early afternoon, but again, I	 WATERHOUSE - 10-19-21 A. No. Q. Did you tell him anything to the deffect that making that payment would not cure the default? A. No. Q. Did you discuss that in any way with him? A. No, I did not. Q. Did he say why he wanted to have that \$1.4 million payment made? MR. MORRIS: Objection to the form of the question. A. He – he – he didn't go into specifics. Q. Did he say anything to you to the effect that if NexPoint makes that payment,
1 WATERHOUSE - 10-19-21 2 Mr. Dondero, was – was it also on January 3 12th? 4 A. Sorry, when I conveyed the 5 \$1.4 million number? 6 Q. Yes. 7 A. Yes, yes, it was that – it was – 8 Q. So you had – 9 A. It was that point. 10 Q. Well, to the best of your 11 recollection, you had a conference with 12 Mr. Dondero by the telephone in the morning, 13 and then another conference with him by 14 telephone after 11:40 a.m. that morning? 15 A. Yeah, I can't remember – yeah, it 16 was either that morning or it could have been, 17 you know, early afternoon, but again, I 18 remember calling him back, relaying this	 WATERHOUSE - 10-19-21 A. No. Q. Did you tell him anything to the d effect that making that payment would not cure the default? A. No. Q. Did you discuss that in any way with him? A. No, I did not. Q. Did he say why he wanted to have that \$1.4 million payment made? MR. MORRIS: Objection to the form of the question. A. He – he – he didn't go into specifics. Q. Did he say anything to you to the effect that if NexPoint makes that payment, then the note will be de-accelerated?
1 WATERHOUSE - 10-19-21 2 Mr. Dondero, was – was it also on January 3 12th? 4 A. Sorry, when I conveyed the 5 \$1.4 million number? 6 Q. Yes. 7 A. Yes, yes, it was that – it was – 8 Q. So you had – 9 A. It was that point. 10 Q. Well, to the best of your 11 recollection, you had a conference with 12 Mr. Dondero by the telephone in the morning, 13 and then another conference with him by 14 telephone after 11:40 a.m. that morning? 15 A. Yeah, I can't remember – yeah, it 16 was either that morning or it could have been, 17 you know, early afternoon, but again, I 18 remember calling him back, relaying this 19 information to him, and he said, okay, pay –	 WATERHOUSE - 10-19-21 A. No. Q. Did you tell him anything to the deffect that making that payment would not cure the default? A. No. Q. Did you discuss that in any way with him? A. No, I did not. Q. Did he say why he wanted to have that \$1.4 million payment made? MR. MORRIS: Objection to the form of the question. A. He – he – he didn't go into specifics. Q. Did he say anything to you to the effect that if NexPoint makes that payment, then the note will be de-accelerated? MR. MORRIS: Objection to the form
1 WATERHOUSE - 10-19-21 2 Mr. Dondero, was – was it also on January 3 12th? 4 A. Sorry, when I conveyed the 5 \$1.4 million number? 6 Q. Yes. 7 A. Yes, yes, it was that – it was – 8 Q. So you had – 9 A. It was that point. 10 Q. Well, to the best of your 11 recollection, you had a conference with 12 Mr. Dondero by the telephone in the morning, 13 and then another conference with him by 14 telephone after 11:40 a.m. that morning? 15 A. Yeah, I can't remember – yeah, it 16 was either that morning or it could have been, 17 you know, early afternoon, but again, I 18 remember calling him back, relaying this 19 information to him, and he said, okay, pay – 20 you know, make – make this payment.	 WATERHOUSE - 10-19-21 A. No. Q. Did you tell him anything to the deffect that making that payment would not cure the default? A. No. Q. Did you discuss that in any way with him? A. No, I did not. Q. Did he say why he wanted to have that \$1.4 million payment made? MR. MORRIS: Objection to the form of the question. A. He – he – he didn't go into specifics. Q. Did he say anything to you to the effect that if NexPoint makes that payment, then the note will be de-accelerated? MR. MORRIS: Objection to the form of the question.
1 WATERHOUSE - 10-19-21 2 Mr. Dondero, was – was it also on January 3 12th? 4 A. Sorry, when I conveyed the 5 \$1.4 million number? 6 Q. Yes. 7 A. Yes, yes, it was that – it was – 8 Q. So you had – 9 A. It was that point. 10 Q. Well, to the best of your 11 recollection, you had a conference with 12 Mr. Dondero by the telephone in the morning, 13 and then another conference with him by 14 telephone after 11:40 a.m. that morning? 15 A. Yeah, I can't remember – yeah, it 16 was either that morning or it could have been, 17 you know, early afternoon, but again, I 18 remember calling him back, relaying this 19 information to him, and he said, okay, pay – 20 you know, make – make this payment. 21 Q. And during either of those two	 WATERHOUSE - 10-19-21 A. No. Q. Did you tell him anything to the effect that making that payment would not cure the default? A. No. Q. Did you discuss that in any way with him? A. No, I did not. Q. Did he say why he wanted to have that \$1.4 million payment made? MR. MORRIS: Objection to the form of the question. A. He – he – he didn't go into specifics. Q. Did he say anything to you to the effect that if NexPoint makes that payment, then the note will be de-accelerated? MR. MORRIS: Objection to the form of the question. A. I don't recall.
1 WATERHOUSE - 10-19-21 2 Mr. Dondero, was — was it also on January 3 12th? 4 A. Sorry, when I conveyed the 5 \$1.4 million number? 6 Q. Yes. 7 A. Yes, yes, it was that — it was — 8 Q. So you had — 9 A. It was that point. 10 Q. Well, to the best of your 11 recollection, you had a conference with 12 Mr. Dondero by the telephone in the morning, 13 and then another conference with him by 14 telephone after 11:40 a.m. that morning? 15 A. Yeah, I can't remember — yeah, it 16 was either that morning or it could have been, 17 you know, early afternoon, but again, I 18 remember calling him back, relaying this 19 information to him, and he said, okay, pay — 20 you know, make — make this payment. 21 Q. And during either of those two 22 calls, did you tell Mr. Dondero anything to the	 WATERHOUSE - 10-19-21 A. No. Q. Did you tell him anything to the effect that making that payment would not cure the default? A. No. Q. Did you discuss that in any way with him? A. No, I did not. Q. Did he say why he wanted to have that \$1.4 million payment made? MR. MORRIS: Objection to the form of the question. A. He – he – he didn't go into specifics. Q. Did he say anything to you to the effect that if NexPoint makes that payment, then the note will be de-accelerated? MR. MORRIS: Objection to the form of the question. A. I don't recall. MR. RUKAVINA: You can put this one
1 WATERHOUSE - 10-19-21 2 Mr. Dondero, was – was it also on January 3 12th? 4 A. Sorry, when I conveyed the 5 \$1.4 million number? 6 Q. Yes. 7 A. Yes, yes, it was that – it was – 8 Q. So you had – 9 A. It was that point. 10 Q. Well, to the best of your 11 recollection, you had a conference with 12 Mr. Dondero by the telephone in the morning, 13 and then another conference with him by 14 telephone after 11:40 a.m. that morning? 15 A. Yeah, I can't remember – yeah, it 16 was either that morning or it could have been, 17 you know, early afternoon, but again, I 18 remember calling him back, relaying this 19 information to him, and he said, okay, pay – 20 you know, make – make this payment. 21 Q. And during either of those two 22 calls, did you tell Mr. Dondero anything to the 23 effect that making those – I'm sorry, making	 WATERHOUSE - 10-19-21 A. No. Q. Did you tell him anything to the effect that making that payment would not cure the default? A. No. Q. Did you discuss that in any way with him? A. No, I did not. Q. Did he say why he wanted to have that \$1.4 million payment made? MR. MORRIS: Objection to the form of the question. A. He – he – he didn't go into specifics. Q. Did he say anything to you to the effect that if NexPoint makes that payment, then the note will be de-accelerated? MR. MORRIS: Objection to the form of the question. A. I don't recall. MR. RUKAVINA: You can put this one down, Mr. Nguyen.

	D 24C			D 047
1	Page 346 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 347
2	either way; correct?	2	somehow -	
3	A. Yeah, I don't remember. I don't	3	Q. Yes. Let me take a step back. Let	
4	remember us discussing that.	4	me take a step back.	
5	Q. Now – and we're almost done, I	5	So you are aware now that as a	
6	promise. I'm just going to - I don't know how	6	result of that default, what was still some	
7	to ask this question, so I'm just going to try	7	25-year note was accelerated and became	
8	to do my best.	8	immediately due. You are aware of that now;	
9	Prior to the default on December 31,	9	right?	
10	2020, did Mr. Seery ever tell you any words to	10	A. Yes.	
11	the effect that you or someone at Highland	11	Q. And can you see how someone at	
12	should ensure that NexPoint doesn't make its	12	Highland might actually have been pleased with	
13	payment?	13	that development?	
14	A. No.	14	MR. MORRIS: Objection to the form.	
15	Q. Did you have any hint or any belief	15	Q. Not that they were — not that they	
16	that anyone at NexPoint – I'm sorry, strike	16	were pleased, but you can see how someone at	
17	that.	17	Highland might have been pleased with that	
18	Did you have any reason to believe	18	development?	
19	that anyone with Highland was actively trying	19	MR. MORRIS: Objection to the form	
20	to get NexPoint to make that default by not	20	of the question.	
21	paying on December 31?	21	MS. DANDENEAU: Object to form.	
22	MR. MORRIS: Objection to the form	22	A. I don't know how they would have	
23	of the question.	23	reacted to that.	
24	A. Are you asking, did any Highland	24	Q. Okay. But you're not – you're not	
25	employees actively work to make – to	25	aware of any instructions or any actions being	
1	Page 348			Page 349
1	Page 348 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 349
1 2		1 2	WATERHOUSE - 10-19-21 VIDEOGRAPHER: Do we want to go off	Page 349
1 2 3	WATERHOUSE - 10-19-21			Page 349
2	WATERHOUSE - 10-19-21 given or taken at Highland by Mr. Seery, the	2	VIDEOGRAPHER: Do we want to go off	Page 349
2 3	WATERHOUSE - 10-19-21 given or taken at Highland by Mr. Seery, the independent board, DSI, that — that would have	2 3	VIDEOGRAPHER: Do we want to go off the record?	Page 349
2 3 4	WATERHOUSE - 10-19-21 given or taken at Highland by Mr. Seery, the independent board, DSI, that – that would have basically led Highland to ensure that NexPoint	2 3 4	VIDEOGRAPHER: Do we want to go off the record? MR. RUKAVINA: Yes.	Page 349
2 3 4 5	WATERHOUSE - 10-19-21 given or taken at Highland by Mr. Seery, the independent board, DSI, that — that would have basically led Highland to ensure that NexPoint would fail to make that payment?	2 3 4 5	VIDEOGRAPHER: Do we want to go off the record? MR. RUKAVINA: Yes. VIDEOGRAPHER: All right. We're	Page 349
2 3 4 5 6 7	WATERHOUSE - 10-19-21 given or taken at Highland by Mr. Seery, the independent board, DSI, that — that would have basically led Highland to ensure that NexPoint would fail to make that payment? A. I'm not aware.	2 3 4 5 6	VIDEOGRAPHER: Do we want to go off the record? MR. RUKAVINA: Yes. VIDEOGRAPHER: All right. We're going off the record at 6:27 p.m.	Page 349
2 3 4 5 6 7	WATERHOUSE - 10-19-21 given or taken at Highland by Mr. Seery, the independent board, DSI, that – that would have basically led Highland to ensure that NexPoint would fail to make that payment? A. I'm not aware. Q. In other words, there wasn't a trick	2 3 4 5 6 7	VIDEOGRAPHER: Do we want to go off the record? MR. RUKAVINA: Yes. VIDEOGRAPHER: All right. We're going off the record at 6:27 p.m. (Recess taken 6:27 p.m. to 6:30 p.m.)	Page 349
2 3 4 5 6 7 8	WATERHOUSE - 10-19-21 given or taken at Highland by Mr. Seery, the independent board, DSI, that — that would have basically led Highland to ensure that NexPoint would fail to make that payment? A. I'm not aware. Q. In other words, there wasn't a trick or a settlement; right?	2 3 4 5 6 7 8	VIDEOGRAPHER: Do we want to go off the record? MR. RUKAVINA: Yes. VIDEOGRAPHER: All right. We're going off the record at 6:27 p.m. (Recess taken 6:27 p.m. to 6:30 p.m.) VIDEOGRAPHER: We are back on the	Page 349
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 given or taken at Highland by Mr. Seery, the independent board, DSI, that — that would have basically led Highland to ensure that NexPoint would fail to make that payment? A. I'm not aware. Q. In other words, there wasn't a trick or a settlement; right? MS. DEITSCH-PEREZ: Objection to	2 3 4 5 6 7 8 9	VIDEOGRAPHER: Do we want to go off the record? MR. RUKAVINA: Yes. VIDEOGRAPHER: All right. We're going off the record at 6:27 p.m. (Recess taken 6:27 p.m. to 6:30 p.m.) VIDEOGRAPHER: We are back on the record at 6:30 p.m.	Page 349
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 given or taken at Highland by Mr. Seery, the independent board, DSI, that – that would have basically led Highland to ensure that NexPoint would fail to make that payment? A. I'm not aware. Q. In other words, there wasn't a trick or a settlement; right? MS. DEITSCH-PEREZ: Objection to form.	2 3 4 5 6 7 8 9 10	VIDEOGRAPHER: Do we want to go off the record? MR. RUKAVINA: Yes. VIDEOGRAPHER: All right. We're going off the record at 6:27 p.m. (Recess taken 6:27 p.m. to 6:30 p.m.) VIDEOGRAPHER: We are back on the record at 6:30 p.m. MR. HORN: Is Deb back?	Page 349
2 3 4 5 6 7 8 9 10	WATERHOUSE - 10-19-21 given or taken at Highland by Mr. Seery, the independent board, DSI, that — that would have basically led Highland to ensure that NexPoint would fail to make that payment? A. I'm not aware. Q. In other words, there wasn't a trick or a settlement; right? MS. DEITSCH-PEREZ: Objection to form. MS. DANDENEAU: Object to form.	2 3 4 5 6 7 8 9 10	VIDEOGRAPHER: Do we want to go off the record? MR. RUKAVINA: Yes. VIDEOGRAPHER: All right. We're going off the record at 6:27 p.m. (Recess taken 6:27 p.m. to 6:30 p.m.) VIDEOGRAPHER: We are back on the record at 6:30 p.m. MR. HORN: Is Deb back? MS. DANDENEAU: Are you asking about	Page 349
2 3 4 5 6 7 8 9 10 11 12	WATERHOUSE - 10-19-21 given or taken at Highland by Mr. Seery, the independent board, DSI, that — that would have basically led Highland to ensure that NexPoint would fail to make that payment? A. I'm not aware. Q. In other words, there wasn't a trick or a settlement; right? MS. DEITSCH-PEREZ: Objection to form. MS. DANDENEAU: Object to form. MR. MORRIS: Object to form.	2 3 4 5 6 7 8 9 10 11 12	VIDEOGRAPHER: Do we want to go off the record? MR. RUKAVINA: Yes. VIDEOGRAPHER: All right. We're going off the record at 6:27 p.m. (Recess taken 6:27 p.m. to 6:30 p.m.) VIDEOGRAPHER: We are back on the record at 6:30 p.m. MR. HORN: Is Deb back? MS. DANDENEAU: Are you asking about me? I'm here.	Page 349
2 3 4 5 6 7 8 9 10 11 12 13	WATERHOUSE - 10-19-21 given or taken at Highland by Mr. Seery, the independent board, DSI, that — that would have basically led Highland to ensure that NexPoint would fail to make that payment? A. I'm not aware. Q. In other words, there wasn't a trick or a settlement; right? MS. DEITSCH-PEREZ: Objection to form. MS. DANDENEAU: Object to form. MR. MORRIS: Object to form. A. I'm not aware.	2 3 4 5 6 7 8 9 10 11 12 13	VIDEOGRAPHER: Do we want to go off the record? MR. RUKAVINA: Yes. VIDEOGRAPHER: All right. We're going off the record at 6:27 p.m. (Recess taken 6:27 p.m. to 6:30 p.m.) VIDEOGRAPHER: We are back on the record at 6:30 p.m. MR. HORN: Is Deb back? MS. DANDENEAU: Are you asking about me? I'm here. MR. HORN: Oh, okay. I don't see	Page 349
2 3 4 5 6 7 8 9 10 11 12 13 14	WATERHOUSE - 10-19-21 given or taken at Highland by Mr. Seery, the independent board, DSI, that – that would have basically led Highland to ensure that NexPoint would fail to make that payment? A. I'm not aware. Q. In other words, there wasn't a trick or a settlement; right? MS. DEITSCH-PEREZ: Objection to form. MS. DANDENEAU: Object to form. MR. MORRIS: Object to form. A. I'm not aware. Look, I'm not aware. I'm not in	2 3 4 5 6 7 8 9 10 11 12 13 14	VIDEOGRAPHER: Do we want to go off the record? MR. RUKAVINA: Yes. VIDEOGRAPHER: All right. We're going off the record at 6:27 p.m. (Recess taken 6:27 p.m. to 6:30 p.m.) VIDEOGRAPHER: We are back on the record at 6:30 p.m. MR. HORN: Is Deb back? MS. DANDENEAU: Are you asking about me? I'm here. MR. HORN: Oh, okay. I don't see you, sorry. Q. Actually, yeah, Mr. Waterhouse, so	Page 349
2 3 4 5 6 7 8 9 10 11 12 13 14 15	WATERHOUSE - 10-19-21 given or taken at Highland by Mr. Seery, the independent board, DSI, that — that would have basically led Highland to ensure that NexPoint would fail to make that payment? A. I'm not aware. Q. In other words, there wasn't a trick or a settlement; right? MS. DEITSCH-PEREZ: Objection to form. MS. DANDENEAU: Object to form. MR. MORRIS: Object to form. A. I'm not aware. Look, I'm not aware. I'm not in every conversation. I mean, and I'm just —	2 3 4 5 6 7 8 9 10 11 12 13 14 15	VIDEOGRAPHER: Do we want to go off the record? MR. RUKAVINA: Yes. VIDEOGRAPHER: All right. We're going off the record at 6:27 p.m. (Recess taken 6:27 p.m. to 6:30 p.m.) VIDEOGRAPHER: We are back on the record at 6:30 p.m. MR. HORN: Is Deb back? MS. DANDENEAU: Are you asking about me? I'm here. MR. HORN: Oh, okay. I don't see you, sorry. Q. Actually, yeah, Mr. Waterhouse, so	Page 349
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	WATERHOUSE - 10-19-21 given or taken at Highland by Mr. Seery, the independent board, DSI, that — that would have basically led Highland to ensure that NexPoint would fail to make that payment? A. I'm not aware. Q. In other words, there wasn't a trick or a settlement; right? MS. DEITSCH-PEREZ: Objection to form. MS. DANDENEAU: Object to form. MR. MORRIS: Object to form. A. I'm not aware. Look, I'm not aware. I'm not in every conversation. I mean, and I'm just — again, I'm sitting at home. It is the end of	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	VIDEOGRAPHER: Do we want to go off the record? MR. RUKAVINA: Yes. VIDEOGRAPHER: All right. We're going off the record at 6:27 p.m. (Recess taken 6:27 p.m. to 6:30 p.m.) VIDEOGRAPHER: We are back on the record at 6:30 p.m. MR. HORN: Is Deb back? MS. DANDENEAU: Are you asking about me? I'm here. MR. HORN: Oh, okay. I don't see you, sorry. Q. Actually, yeah, Mr. Waterhouse, so when you had —	Page 349
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	WATERHOUSE - 10-19-21 given or taken at Highland by Mr. Seery, the independent board, DSI, that – that would have basically led Highland to ensure that NexPoint would fail to make that payment? A. I'm not aware. Q. In other words, there wasn't a trick or a settlement; right? MS. DEITSCH-PEREZ: Objection to form. MS. DANDENEAU: Object to form. MR. MORRIS: Object to form. A. I'm not aware. Look, I'm not aware. I'm not in every conversation. I mean, and I'm just – again, I'm sitting at home. It is the end of the year. Again, I'm not aware.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	VIDEOGRAPHER: Do we want to go off the record? MR. RUKAVINA: Yes. VIDEOGRAPHER: All right. We're going off the record at 6:27 p.m. (Recess taken 6:27 p.m. to 6:30 p.m.) VIDEOGRAPHER: We are back on the record at 6:30 p.m. MR. HORN: Is Deb back? MS. DANDENEAU: Are you asking about me? I'm here. MR. HORN: Oh, okay. I don't see you, sorry. Q. Actually, yeah, Mr. Waterhouse, so when you had — MS. DANDENEAU: Are you asking about	Page 349
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	WATERHOUSE - 10-19-21 given or taken at Highland by Mr. Seery, the independent board, DSI, that — that would have basically led Highland to ensure that NexPoint would fail to make that payment? A. I'm not aware. Q. In other words, there wasn't a trick or a settlement; right? MS. DEITSCH-PEREZ: Objection to form. MS. DANDENEAU: Object to form. MR. MORRIS: Object to form. A. I'm not aware. Look, I'm not aware. I'm not in every conversation. I mean, and I'm just — again, I'm sitting at home. It is the end of the year. Again, I'm not aware. Q. That is a perfectly legitimate	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	VIDEOGRAPHER: Do we want to go off the record? MR. RUKAVINA: Yes. VIDEOGRAPHER: All right. We're going off the record at 6:27 p.m. (Recess taken 6:27 p.m. to 6:30 p.m.) VIDEOGRAPHER: We are back on the record at 6:30 p.m. MR. HORN: Is Deb back? MS. DANDENEAU: Are you asking about me? I'm here. MR. HORN: Oh, okay. I don't see you, sorry. Q. Actually, yeah, Mr. Waterhouse, so when you had — MS. DANDENEAU: Are you asking about Deb Dandeneau or Deborah? I mean, there	Page 349
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	WATERHOUSE - 10-19-21 given or taken at Highland by Mr. Seery, the independent board, DSI, that — that would have basically led Highland to ensure that NexPoint would fail to make that payment? A. I'm not aware. Q. In other words, there wasn't a trick or a settlement; right? MS. DEITSCH-PEREZ: Objection to form. MS. DANDENEAU: Object to form. MR. MORRIS: Object to form. A. I'm not aware. Look, I'm not aware. I'm not in every conversation. I mean, and I'm just — again, I'm sitting at home. It is the end of the year. Again, I'm not aware. Q. That is a perfectly legitimate answer. I don't know why — why you think	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	VIDEOGRAPHER: Do we want to go off the record? MR. RUKAVINA: Yes. VIDEOGRAPHER: All right. We're going off the record at 6:27 p.m. (Recess taken 6:27 p.m. to 6:30 p.m.) VIDEOGRAPHER: We are back on the record at 6:30 p.m. MR. HORN: Is Deb back? MS. DANDENEAU: Are you asking about me? I'm here. MR. HORN: Oh, okay. I don't see you, sorry. Q. Actually, yeah, Mr. Waterhouse, so when you had — MS. DANDENEAU: Are you asking about Deb Dandeneau or Deborah? I mean, there are a lot — as we talked about, a lot of	Page 349
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	WATERHOUSE - 10-19-21 given or taken at Highland by Mr. Seery, the independent board, DSI, that — that would have basically led Highland to ensure that NexPoint would fail to make that payment? A. I'm not aware. Q. In other words, there wasn't a trick or a settlement; right? MS. DEITSCH-PEREZ: Objection to form. MS. DANDENEAU: Object to form. MR. MORRIS: Object to form. A. I'm not aware. Look, I'm not aware. I'm not in every conversation. I mean, and I'm just — again, I'm sitting at home. It is the end of the year. Again, I'm not aware. Q. That is a perfectly legitimate answer. I don't know why — why you think otherwise.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	VIDEOGRAPHER: Do we want to go off the record? MR. RUKAVINA: Yes. VIDEOGRAPHER: All right. We're going off the record at 6:27 p.m. (Recess taken 6:27 p.m. to 6:30 p.m.) VIDEOGRAPHER: We are back on the record at 6:30 p.m. MR. HORN: Is Deb back? MS. DANDENEAU: Are you asking about me? I'm here. MR. HORN: Oh, okay. I don't see you, sorry. Q. Actually, yeah, Mr. Waterhouse, so when you had — MS. DANDENEAU: Are you asking about Deb Dandeneau or Deborah? I mean, there are a lot — as we talked about, a lot of Debs. I'm here.	Page 349
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	WATERHOUSE - 10-19-21 given or taken at Highland by Mr. Seery, the independent board, DSI, that – that would have basically led Highland to ensure that NexPoint would fail to make that payment? A. I'm not aware. Q. In other words, there wasn't a trick or a settlement; right? MS. DEITSCH-PEREZ: Objection to form. MS. DANDENEAU: Object to form. MR. MORRIS: Object to form. A. I'm not aware. Look, I'm not aware. I'm not in every conversation. I mean, and I'm just – again, I'm sitting at home. It is the end of the year. Again, I'm not aware. Q. That is a perfectly legitimate answer. I don't know why – why you think otherwise. Okay. Just give me one second to	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	VIDEOGRAPHER: Do we want to go off the record? MR. RUKAVINA: Yes. VIDEOGRAPHER: All right. We're going off the record at 6:27 p.m. (Recess taken 6:27 p.m. to 6:30 p.m.) VIDEOGRAPHER: We are back on the record at 6:30 p.m. MR. HORN: Is Deb back? MS. DANDENEAU: Are you asking about me? I'm here. MR. HORN: Oh, okay. I don't see you, sorry. Q. Actually, yeah, Mr. Waterhouse, so when you had — MS. DANDENEAU: Are you asking about Deb Dandeneau or Deborah? I mean, there are a lot — as we talked about, a lot of Debs. I'm here. MS. DEITSCH-PEREZ: I'm here.	Page 349
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	given or taken at Highland by Mr. Seery, the independent board, DSI, that – that would have basically led Highland to ensure that NexPoint would fail to make that payment? A. I'm not aware. Q. In other words, there wasn't a trick or a settlement; right? MS. DEITSCH-PEREZ: Objection to form. MS. DANDENEAU: Object to form. MR. MORRIS: Object to form. A. I'm not aware. Look, I'm not aware. I'm not in every conversation. I mean, and I'm just – again, I'm sitting at home. It is the end of the year. Again, I'm not aware. Q. That is a perfectly legitimate answer. I don't know why – why you think otherwise. Okay. Just give me one second to compose my thoughts.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	VIDEOGRAPHER: Do we want to go off the record? MR. RUKAVINA: Yes. VIDEOGRAPHER: All right. We're going off the record at 6:27 p.m. (Recess taken 6:27 p.m. to 6:30 p.m.) VIDEOGRAPHER: We are back on the record at 6:30 p.m. MR. HORN: Is Deb back? MS. DANDENEAU: Are you asking about me? I'm here. MR. HORN: Oh, okay. I don't see you, sorry. Q. Actually, yeah, Mr. Waterhouse, so when you had — MS. DANDENEAU: Are you asking about Deb Dandeneau or Deborah? I mean, there are a lot — as we talked about, a lot of Debs. I'm here. MS. DEITSCH-PEREZ: I'm here. MR. HORN: Yes, I was asking about	Page 349
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	given or taken at Highland by Mr. Seery, the independent board, DSI, that – that would have basically led Highland to ensure that NexPoint would fail to make that payment? A. I'm not aware. Q. In other words, there wasn't a trick or a settlement; right? MS. DEITSCH-PEREZ: Objection to form. MS. DANDENEAU: Object to form. MR. MORRIS: Object to form. A. I'm not aware. Look, I'm not aware. I'm not in every conversation. I mean, and I'm just – again, I'm sitting at home. It is the end of the year. Again, I'm not aware. Q. That is a perfectly legitimate answer. I don't know why – why you think otherwise. Okay. Just give me one second to compose my thoughts. MS. DEITSCH-PEREZ: While you're	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	VIDEOGRAPHER: Do we want to go off the record? MR. RUKAVINA: Yes. VIDEOGRAPHER: All right. We're going off the record at 6:27 p.m. (Recess taken 6:27 p.m. to 6:30 p.m.) VIDEOGRAPHER: We are back on the record at 6:30 p.m. MR. HORN: Is Deb back? MS. DANDENEAU: Are you asking about me? I'm here. MR. HORN: Oh, okay. I don't see you, sorry. Q. Actually, yeah, Mr. Waterhouse, so when you had — MS. DANDENEAU: Are you asking about Deb Dandeneau or Deborah? I mean, there are a lot — as we talked about, a lot of Debs. I'm here. MS. DEITSCH-PEREZ: I'm here. MR. HORN: Yes, I was asking about DDP.	Page 349

		_		
1	Page 350 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 351
2	going back on mute.	2	testified earlier, we provided that accounting	
3	MS. DANDENEAU: Get the right	3	finance treasury function as – under the	
4	nomenclature.	4	shared services agreement. And so once I	
5	Q. Mr. Waterhouse, on January 12th,	5	got the I talked to Jim, got the approval to	
6	2021, when you had those talks with Mr. Dondero	6	make this payment, we have to then make the	
7	about the \$1.4 million payment, did you have a	7	payment, or the team does, and so the payment	
8	communication or a conversation with Mr. Seery	8	was made.	
9	about that payment after January 12th, 2021?	9	Q. Okay. But - okay. And - and	
10	A. I don't recall.	10	sitting here right now, after Jim called you,	
11	Q. Well, in response to Mr. Dondero	11	you don't remember talking to anyone other than	
12	reaching out to you, do you recall on that day,	12	the - the couple of people you mentioned,	
13	January 12th, talking to Mr. Seery or anyone at	13	talking to anyone about something to the effect	
14	Highland other than the email chain we just saw	14	that, hey, Jim wants to make this payment now?	
15	about Mr. Dondero's call with you?	15	MR. MORRIS: Objection to the form	
16	A. Did I talk to – I spoke with	16	of the question.	
17	Kristin – I don't know if I spoke to her. I	17	A. I don't – I don't recall.	
18	likely spoke to Kristin Hendrix because we had	18	Q. And does that include legal counsel?	
19	to get the wire on NexPoint's behalf to make	19	Without going into any detail, on	
20	the payment to Highland.	20	January 12th or before that payment was made,	
21	Q. So it is true, then, that – that	21	did you consult with legal counsel about	
22	employees of the debtor did actually cause that	22	anything having to do with the \$1.4 million	
23	payment to be made when it was made after	23	payment?	
24	January 12th?	24	A. I don't recall.	
25	A. Yes, I mean, we – we – as I	25	Q. Okay. Thank you, sir, for your	
<u> </u>	B 050			
1	Page 352			Page 353
1	Page 352 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 353
1 2		1 2	WATERHOUSE - 10-19-21 BY MS. DEITSCH-PEREZ:	Page 353
ı	WATERHOUSE - 10-19-21	l _		Page 353
2	WATERHOUSE - 10-19-21 time.	2	BY MS. DEITSCH-PEREZ:	Page 353
2 3	WATERHOUSE - 10-19-21 time. MR. RUKAVINA: Pass the witness.	3	BY MS. DEITSCH-PEREZ: Q. Good evening. I'm very sorry to be	Page 353
2 3 4	WATERHOUSE - 10-19-21 time. MR. RUKAVINA: Pass the witness. MR. MORRIS: I just have a few	2 3 4	BY MS. DEITSCH-PEREZ: Q. Good evening. I'm very sorry to be going last and I know you have had a long and	Page 353
2 3 4 5	WATERHOUSE - 10-19-21 time. MR. RUKAVINA: Pass the witness. MR. MORRIS: I just have a few questions, if I may.	2 3 4 5 6	BY MS. DEITSCH-PEREZ: Q. Good evening. I'm very sorry to be going last and I know you have had a long and taxing day, so I thank you for indulging me.	Page 353
2 3 4 5 6	WATERHOUSE - 10-19-21 time. MR. RUKAVINA: Pass the witness. MR. MORRIS: I just have a few questions, if I may. MS. DEITSCH-PEREZ: Don't you go at	2 3 4 5 6	BY MS. DEITSCH-PEREZ: Q. Good evening. I'm very sorry to be going last and I know you have had a long and taxing day, so I thank you for indulging me. The kinds of services that you	Page 353
2 3 4 5 6 7	WATERHOUSE - 10-19-21 time. MR. RUKAVINA: Pass the witness. MR. MORRIS: I just have a few questions, if I may. MS. DEITSCH-PEREZ: Don't you go at the end?	2 3 4 5 6 7	BY MS. DEITSCH-PEREZ: Q. Good evening. I'm very sorry to be going last and I know you have had a long and taxing day, so I thank you for indulging me. The kinds of services that you describe that the – that Highland provided for	Page 353
2 3 4 5 6 7 8	WATERHOUSE - 10-19-21 time. MR. RUKAVINA: Pass the witness. MR. MORRIS: I just have a few questions, if I may. MS. DEITSCH-PEREZ: Don't you go at the end? MR. MORRIS: Oh, I apologize. He is	2 3 4 5 6 7 8	BY MS. DEITSCH-PEREZ: Q. Good evening. I'm very sorry to be going last and I know you have had a long and taxing day, so I thank you for indulging me. The kinds of services that you describe that the – that Highland provided for NexPoint, did Highland also provide similar	Page 353
2 3 4 5 6 7 8 9 10 11	WATERHOUSE - 10-19-21 time. MR. RUKAVINA: Pass the witness. MR. MORRIS: I just have a few questions, if I may. MS. DEITSCH-PEREZ: Don't you go at the end? MR. MORRIS: Oh, I apologize. He is your witness. I'm surprised you want to	2 3 4 5 6 7 8 9	BY MS. DEITSCH-PEREZ: Q. Good evening. I'm very sorry to be going last and I know you have had a long and taxing day, so I thank you for indulging me. The kinds of services that you describe that the – that Highland provided for NexPoint, did Highland also provide similar services to that to HCRE and HCMS?	Page 353
2 3 4 5 6 7 8 9 10	WATERHOUSE - 10-19-21 time. MR. RUKAVINA: Pass the witness. MR. MORRIS: I just have a few questions, if I may. MS. DEITSCH-PEREZ: Don't you go at the end? MR. MORRIS: Oh, I apologize. He is your witness. I'm surprised you want to ask him questions, but go right ahead.	2 3 4 5 6 7 8 9 10	BY MS. DEITSCH-PEREZ: Q. Good evening. I'm very sorry to be going last and I know you have had a long and taxing day, so I thank you for indulging me. The kinds of services that you describe that the – that Highland provided for NexPoint, did Highland also provide similar services to that to HCRE and HCMS? A. Yes.	Page 353
2 3 4 5 6 7 8 9 10 11	WATERHOUSE - 10-19-21 time. MR. RUKAVINA: Pass the witness. MR. MORRIS: I just have a few questions, if I may. MS. DEITSCH-PEREZ: Don't you go at the end? MR. MORRIS: Oh, I apologize. He is your witness. I'm surprised you want to ask him questions, but go right ahead. MS. DEITSCH-PEREZ: Just have a	2 3 4 5 6 7 8 9 10 11	BY MS. DEITSCH-PEREZ: Q. Good evening. I'm very sorry to be going last and I know you have had a long and taxing day, so I thank you for indulging me. The kinds of services that you describe that the – that Highland provided for NexPoint, did Highland also provide similar services to that to HCRE and HCMS? A. Yes. MR. MORRIS: Objection to the form of the question. Q. What kind of services did Highland	Page 353
2 3 4 5 6 7 8 9 10 11 12	WATERHOUSE - 10-19-21 time. MR. RUKAVINA: Pass the witness. MR. MORRIS: I just have a few questions, if I may. MS. DEITSCH-PEREZ: Don't you go at the end? MR. MORRIS: Oh, I apologize. He is your witness. I'm surprised you want to ask him questions, but go right ahead. MS. DEITSCH-PEREZ: Just have a couple of things.	2 3 4 5 6 7 8 9 10 11 12	BY MS. DEITSCH-PEREZ: Q. Good evening. I'm very sorry to be going last and I know you have had a long and taxing day, so I thank you for indulging me. The kinds of services that you describe that the – that Highland provided for NexPoint, did Highland also provide similar services to that to HCRE and HCMS? A. Yes. MR. MORRIS: Objection to the form of the question.	Page 353
2 3 4 5 6 7 8 9 10 11 12 13	WATERHOUSE - 10-19-21 time. MR. RUKAVINA: Pass the witness. MR. MORRIS: I just have a few questions, if I may. MS. DEITSCH-PEREZ: Don't you go at the end? MR. MORRIS: Oh, I apologize. He is your witness. I'm surprised you want to ask him questions, but go right ahead. MS. DEITSCH-PEREZ: Just have a couple of things. MR. RUKAVINA: And I will just	2 3 4 5 6 7 8 9 10 11 12 13	BY MS. DEITSCH-PEREZ: Q. Good evening. I'm very sorry to be going last and I know you have had a long and taxing day, so I thank you for indulging me. The kinds of services that you describe that the – that Highland provided for NexPoint, did Highland also provide similar services to that to HCRE and HCMS? A. Yes. MR. MORRIS: Objection to the form of the question. Q. What kind of services did Highland	Page 353
2 3 4 5 6 7 8 9 10 11 12 13 14	time. MR. RUKAVINA: Pass the witness. MR. MORRIS: I just have a few questions, if I may. MS. DEITSCH-PEREZ: Don't you go at the end? MR. MORRIS: Oh, I apologize. He is your witness. I'm surprised you want to ask him questions, but go right ahead. MS. DEITSCH-PEREZ: Just have a couple of things. MR. RUKAVINA: And I will just object to that, that he's our witness.	2 3 4 5 6 7 8 9 10 11 12 13 14	BY MS. DEITSCH-PEREZ: Q. Good evening. I'm very sorry to be going last and I know you have had a long and taxing day, so I thank you for indulging me. The kinds of services that you describe that the – that Highland provided for NexPoint, did Highland also provide similar services to that to HCRE and HCMS? A. Yes. MR. MORRIS: Objection to the form of the question. Q. What kind of services did Highland provide to HCRE and HCMS?	Page 353
2 3 4 5 6 7 8 9 10 11 12 13 14 15	time. MR. RUKAVINA: Pass the witness. MR. MORRIS: I just have a few questions, if I may. MS. DEITSCH-PEREZ: Don't you go at the end? MR. MORRIS: Oh, I apologize. He is your witness. I'm surprised you want to ask him questions, but go right ahead. MS. DEITSCH-PEREZ: Just have a couple of things. MR. RUKAVINA: And I will just object to that, that he's our witness. That's not —	2 3 4 5 6 7 8 9 10 11 12 13 14 15	BY MS. DEITSCH-PEREZ: Q. Good evening. I'm very sorry to be going last and I know you have had a long and taxing day, so I thank you for indulging me. The kinds of services that you describe that the – that Highland provided for NexPoint, did Highland also provide similar services to that to HCRE and HCMS? A. Yes. MR. MORRIS: Objection to the form of the question. Q. What kind of services did Highland provide to HCRE and HCMS? MR. MORRIS: Objection to the form	Page 353
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	time. MR. RUKAVINA: Pass the witness. MR. MORRIS: I just have a few questions, if I may. MS. DEITSCH-PEREZ: Don't you go at the end? MR. MORRIS: Oh, I apologize. He is your witness. I'm surprised you want to ask him questions, but go right ahead. MS. DEITSCH-PEREZ: Just have a couple of things. MR. RUKAVINA: And I will just object to that, that he's our witness. That's not — MR. MORRIS: I'm not talking to you.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	BY MS. DEITSCH-PEREZ: Q. Good evening. I'm very sorry to be going last and I know you have had a long and taxing day, so I thank you for indulging me. The kinds of services that you describe that the – that Highland provided for NexPoint, did Highland also provide similar services to that to HCRE and HCMS? A. Yes. MR. MORRIS: Objection to the form of the question. Q. What kind of services did Highland provide to HCRE and HCMS? MR. MORRIS: Objection to the form of the question.	Page 353
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	time. MR. RUKAVINA: Pass the witness. MR. MORRIS: I just have a few questions, if I may. MS. DEITSCH-PEREZ: Don't you go at the end? MR. MORRIS: Oh, I apologize. He is your witness. I'm surprised you want to ask him questions, but go right ahead. MS. DEITSCH-PEREZ: Just have a couple of things. MR. RUKAVINA: And I will just object to that, that he's our witness. That's not — MR. MORRIS: I'm not talking to you. I'm not talking to you.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	BY MS. DEITSCH-PEREZ: Q. Good evening. I'm very sorry to be going last and I know you have had a long and taxing day, so I thank you for indulging me. The kinds of services that you describe that the – that Highland provided for NexPoint, did Highland also provide similar services to that to HCRE and HCMS? A. Yes. MR. MORRIS: Objection to the form of the question. Q. What kind of services did Highland provide to HCRE and HCMS? MR. MORRIS: Objection to the form of the question. MS. DEITSCH-PEREZ: What is your	Page 353
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	time. MR. RUKAVINA: Pass the witness. MR. MORRIS: I just have a few questions, if I may. MS. DEITSCH-PEREZ: Don't you go at the end? MR. MORRIS: Oh, I apologize. He is your witness. I'm surprised you want to ask him questions, but go right ahead. MS. DEITSCH-PEREZ: Just have a couple of things. MR. RUKAVINA: And I will just object to that, that he's our witness. That's not — MR. MORRIS: I'm not talking to you. I'm not talking to you. MS. DANDENEAU: Also, Mr. Morris, it	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	BY MS. DEITSCH-PEREZ: Q. Good evening. I'm very sorry to be going last and I know you have had a long and taxing day, so I thank you for indulging me. The kinds of services that you describe that the – that Highland provided for NexPoint, did Highland also provide similar services to that to HCRE and HCMS? A. Yes. MR. MORRIS: Objection to the form of the question. Q. What kind of services did Highland provide to HCRE and HCMS? MR. MORRIS: Objection to the form of the question. MS. DEITSCH-PEREZ: What is your objection, John?	Page 353
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	time. MR. RUKAVINA: Pass the witness. MR. MORRIS: I just have a few questions, if I may. MS. DEITSCH-PEREZ: Don't you go at the end? MR. MORRIS: Oh, I apologize. He is your witness. I'm surprised you want to ask him questions, but go right ahead. MS. DEITSCH-PEREZ: Just have a couple of things. MR. RUKAVINA: And I will just object to that, that he's our witness. That's not — MR. MORRIS: I'm not talking to you. I'm not talking to you. MS. DANDENEAU: Also, Mr. Morris, it is — it is —	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	BY MS. DEITSCH-PEREZ: Q. Good evening. I'm very sorry to be going last and I know you have had a long and taxing day, so I thank you for indulging me. The kinds of services that you describe that the – that Highland provided for NexPoint, did Highland also provide similar services to that to HCRE and HCMS? A. Yes. MR. MORRIS: Objection to the form of the question. Q. What kind of services did Highland provide to HCRE and HCMS? MR. MORRIS: Objection to the form of the question. MS. DEITSCH-PEREZ: What is your objection, John? MR. MORRIS: It is vague and	Page 353
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	time. MR. RUKAVINA: Pass the witness. MR. MORRIS: I just have a few questions, if I may. MS. DEITSCH-PEREZ: Don't you go at the end? MR. MORRIS: Oh, I apologize. He is your witness. I'm surprised you want to ask him questions, but go right ahead. MS. DEITSCH-PEREZ: Just have a couple of things. MR. RUKAVINA: And I will just object to that, that he's our witness. That's not — MR. MORRIS: I'm not talking to you. I'm not talking to you. MS. DANDENEAU: Also, Mr. Morris, it is — it is — MS. DEITSCH-PEREZ: He is not my	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	BY MS. DEITSCH-PEREZ: Q. Good evening. I'm very sorry to be going last and I know you have had a long and taxing day, so I thank you for indulging me. The kinds of services that you describe that the – that Highland provided for NexPoint, did Highland also provide similar services to that to HCRE and HCMS? A. Yes. MR. MORRIS: Objection to the form of the question. Q. What kind of services did Highland provide to HCRE and HCMS? MR. MORRIS: Objection to the form of the question. MS. DEITSCH-PEREZ: What is your objection, John? MR. MORRIS: It is vague and ambiguous. Unlike the advisors and	Page 353
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	time. MR. RUKAVINA: Pass the witness. MR. MORRIS: I just have a few questions, if I may. MS. DEITSCH-PEREZ: Don't you go at the end? MR. MORRIS: Oh, I apologize. He is your witness. I'm surprised you want to ask him questions, but go right ahead. MS. DEITSCH-PEREZ: Just have a couple of things. MR. RUKAVINA: And I will just object to that, that he's our witness. That's not — MR. MORRIS: I'm not talking to you. I'm not talking to you. MS. DANDENEAU: Also, Mr. Morris, it is — it is — MS. DEITSCH-PEREZ: He is not my witness. He's been subpoenaed by you.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	BY MS. DEITSCH-PEREZ: Q. Good evening. I'm very sorry to be going last and I know you have had a long and taxing day, so I thank you for indulging me. The kinds of services that you describe that the – that Highland provided for NexPoint, did Highland also provide similar services to that to HCRE and HCMS? A. Yes. MR. MORRIS: Objection to the form of the question. Q. What kind of services did Highland provide to HCRE and HCMS? MR. MORRIS: Objection to the form of the question. MS. DEITSCH-PEREZ: What is your objection, John? MR. MORRIS: It is vague and ambiguous. Unlike the advisors and NexPoint, they actually had shared services	Page 353
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	time. MR. RUKAVINA: Pass the witness. MR. MORRIS: I just have a few questions, if I may. MS. DEITSCH-PEREZ: Don't you go at the end? MR. MORRIS: Oh, I apologize. He is your witness. I'm surprised you want to ask him questions, but go right ahead. MS. DEITSCH-PEREZ: Just have a couple of things. MR. RUKAVINA: And I will just object to that, that he's our witness. That's not — MR. MORRIS: I'm not talking to you. I'm not talking to you. MS. DANDENEAU: Also, Mr. Morris, it is — it is — MS. DEITSCH-PEREZ: He is not my witness. He's been subpoenaed by you. Okay?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	BY MS. DEITSCH-PEREZ: Q. Good evening. I'm very sorry to be going last and I know you have had a long and taxing day, so I thank you for indulging me. The kinds of services that you describe that the – that Highland provided for NexPoint, did Highland also provide similar services to that to HCRE and HCMS? A. Yes. MR. MORRIS: Objection to the form of the question. Q. What kind of services did Highland provide to HCRE and HCMS? MR. MORRIS: Objection to the form of the question. MS. DEITSCH-PEREZ: What is your objection, John? MR. MORRIS: It is vague and ambiguous. Unlike the advisors and NexPoint, they actually had shared services agreements.	Page 353
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	time. MR. RUKAVINA: Pass the witness. MR. MORRIS: I just have a few questions, if I may. MS. DEITSCH-PEREZ: Don't you go at the end? MR. MORRIS: Oh, I apologize. He is your witness. I'm surprised you want to ask him questions, but go right ahead. MS. DEITSCH-PEREZ: Just have a couple of things. MR. RUKAVINA: And I will just object to that, that he's our witness. That's not — MR. MORRIS: I'm not talking to you. I'm not talking to you. MS. DANDENEAU: Also, Mr. Morris, it is — it is — MS. DEITSCH-PEREZ: He is not my witness. He's been subpoenaed by you. Okay? That is no offense, Mr. Waterhouse,	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	BY MS. DEITSCH-PEREZ: Q. Good evening. I'm very sorry to be going last and I know you have had a long and taxing day, so I thank you for indulging me. The kinds of services that you describe that the – that Highland provided for NexPoint, did Highland also provide similar services to that to HCRE and HCMS? A. Yes. MR. MORRIS: Objection to the form of the question. Q. What kind of services did Highland provide to HCRE and HCMS? MR. MORRIS: Objection to the form of the question. MS. DEITSCH-PEREZ: What is your objection, John? MR. MORRIS: It is vague and ambiguous. Unlike the advisors and NexPoint, they actually had shared services agreements. MS. DEITSCH-PEREZ: I got – I	Page 353

Page 354 1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21	Page 355
2 What kinds of services did Highland	2 this, their HR services as well.	
3 provide to HCRE?	3 Q. Okay. And did that include bill	
4 MR. MORRIS: Objection to the form	4 paying?	
5 of the question.	5 MR. MORRIS: Objection to the form	
6 A. HCMS, Highland employees provided	6 of the question.	
7 accounting services, treasury management	7 Q. Did the services that HCM provided	
8 services, potentially legal services. I	8 to HCMS include bill paying?	
9 don't – but I wouldn't have been directly	9 MR. MORRIS: Objection to the form	
10 involved in that. But as far as the teams that	10 of the question.	
11 I manage, it was accounting, treasury, things	11 A. Yes.	
12 of that nature.	12 Q. And did the services that HCMLP	
13 Q. Okay. And that was for HCM, LLP –	13 provided to HCMS include scheduling upcoming	
14 A. And – and, sorry, it would also be	14 bills?	
15 any asset valuation if needed as well.	15 MR. MORRIS: Objection to the form	
16 Q. Okay. We went back and forth on	16 of the question.	
17 each other and I apologize, so just to clarify.	17 A. Yes.	
18 You were talking about the services	18 Q. And did HCMLP regularly pay – cause	
19 that Highland Capital Management provided to	19 to be paid the payments on loans HCMS had from	
20 HCMS; is that right?	20 HCMLP?	
21 A. HCMS. So, again, yes. And	21 MR. MORRIS: Objection to the form	
22 accounting, treasury, valuation, and also tax	22 of the question.	
23 services too.	23 A. Yes.	
24 Q. Okay.	24 Q. Typically – if there is a	
25 A. Tax services. Look, I'm expanding	25 typically, how far in advance of due dates did	
D 050		D 057
Page 356		Page 357
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21	Page 357
1 WATERHOUSE - 10-19-21 2 HCMLP cause HCMS to pay its bills?	1 WATERHOUSE - 10-19-21 2 Q. Okay. Are loan payments the kinds	Page 357
1 WATERHOUSE - 10-19-21 2 HCMLP cause HCMS to pay its bills? 3 MR. MORRIS: Objection to the form	WATERHOUSE - 10-19-21 Q. Okay. Are loan payments the kinds of thing that HCMLP would pay on time because	Page 357
WATERHOUSE - 10-19-21 HCMLP cause HCMS to pay its bills? MR. MORRIS: Objection to the form of the question.	1 WATERHOUSE - 10-19-21 2 Q. Okay. Are loan payments the kinds 3 of thing that HCMLP would pay on time because 4 of potential consequences of not paying on	Page 357
1 WATERHOUSE - 10-19-21 2 HCMLP cause HCMS to pay its bills? 3 MR. MORRIS: Objection to the form 4 of the question. 5 A. I mean, it – it – it depend – it	1 WATERHOUSE - 10-19-21 2 Q. Okay. Are loan payments the kinds 3 of thing that HCMLP would pay on time because 4 of potential consequences of not paying on 5 time?	Page 357
1 WATERHOUSE - 10-19-21 2 HCMLP cause HCMS to pay its bills? 3 MR. MORRIS: Objection to the form 4 of the question. 5 A. I mean, it – it – it depend – it 6 depended on the nature of the payment and the	1 WATERHOUSE - 10-19-21 2 Q. Okay. Are loan payments the kinds 3 of thing that HCMLP would pay on time because 4 of potential consequences of not paying on 5 time? 6 MR. MORRIS: Objection to the form	Page 357
1 WATERHOUSE - 10-19-21 2 HCMLP cause HCMS to pay its bills? 3 MR. MORRIS: Objection to the form 4 of the question. 5 A. I mean, it – it – it depend – it 6 depended on the nature of the payment and the 7 vendor, but, you know, if there were – if	1 WATERHOUSE - 10-19-21 2 Q. Okay. Are loan payments the kinds 3 of thing that HCMLP would pay on time because 4 of potential consequences of not paying on 5 time? 6 MR. MORRIS: Objection to the form 7 of the question.	Page 357
1 WATERHOUSE - 10-19-21 2 HCMLP cause HCMS to pay its bills? 3 MR. MORRIS: Objection to the form 4 of the question. 5 A. I mean, it – it – it depend – it 6 depended on the nature of the payment and the 7 vendor, but, you know, if there were – if 8 there were larger scheduled payments, you know,	1 WATERHOUSE - 10-19-21 2 Q. Okay. Are loan payments the kinds 3 of thing that HCMLP would pay on time because 4 of potential consequences of not paying on 5 time? 6 MR. MORRIS: Objection to the form 7 of the question. 8 A. Yes. As I testified earlier, we	Page 357
1 WATERHOUSE - 10-19-21 2 HCMLP cause HCMS to pay its bills? 3 MR. MORRIS: Objection to the form 4 of the question. 5 A. I mean, it – it – it depend – it 6 depended on the nature of the payment and the 7 vendor, but, you know, if there were – if 8 there were larger scheduled payments, you know,	1 WATERHOUSE - 10-19-21 2 Q. Okay. Are loan payments the kinds 3 of thing that HCMLP would pay on time because 4 of potential consequences of not paying on 5 time? 6 MR. MORRIS: Objection to the form 7 of the question. 8 A. Yes. As I testified earlier, we	Page 357
1 WATERHOUSE - 10-19-21 2 HCMLP cause HCMS to pay its bills? 3 MR. MORRIS: Objection to the form 4 of the question. 5 A. I mean, it – it – it depend – it 6 depended on the nature of the payment and the 7 vendor, but, you know, if there were – if 8 there were larger scheduled payments, you know, 9 I would like to give at least 30 days notice. 10 And that is – that is kind of my	1 WATERHOUSE - 10-19-21 2 Q. Okay. Are loan payments the kinds 3 of thing that HCMLP would pay on time because 4 of potential consequences of not paying on 5 time? 6 MR. MORRIS: Objection to the form 7 of the question. 8 A. Yes. As I testified earlier, we 9 would want to give, you know, notice on – on	Page 357
1 WATERHOUSE - 10-19-21 2 HCMLP cause HCMS to pay its bills? 3 MR. MORRIS: Objection to the form 4 of the question. 5 A. I mean, it – it – it depend – it 6 depended on the nature of the payment and the 7 vendor, but, you know, if there were – if 8 there were larger scheduled payments, you know, 9 I would like to give at least 30 days notice. 10 And that is – that is kind of my 11 rule of thumb so no one is surprised.	1 WATERHOUSE - 10-19-21 2 Q. Okay. Are loan payments the kinds 3 of thing that HCMLP would pay on time because 4 of potential consequences of not paying on 5 time? 6 MR. MORRIS: Objection to the form 7 of the question. 8 A. Yes. As I testified earlier, we 9 would want to give, you know, notice on – on 10 – on larger payments and – and things of that	Page 357
1 WATERHOUSE - 10-19-21 2 HCMLP cause HCMS to pay its bills? 3 MR. MORRIS: Objection to the form 4 of the question. 5 A. I mean, it – it – it depend – it 6 depended on the nature of the payment and the 7 vendor, but, you know, if there were – if 8 there were larger scheduled payments, you know, 9 I would like to give at least 30 days notice. 10 And that is – that is kind of my 11 rule of thumb so no one is surprised.	1 WATERHOUSE - 10-19-21 2 Q. Okay. Are loan payments the kinds 3 of thing that HCMLP would pay on time because 4 of potential consequences of not paying on 5 time? 6 MR. MORRIS: Objection to the form 7 of the question. 8 A. Yes. As I testified earlier, we 9 would want to give, you know, notice on – on 10 – on larger payments and – and things of that 11 nature so we didn't miss due dates.	Page 357
1 WATERHOUSE - 10-19-21 2 HCMLP cause HCMS to pay its bills? 3 MR. MORRIS: Objection to the form 4 of the question. 5 A. I mean, it – it – it depend – it 6 depended on the nature of the payment and the 7 vendor, but, you know, if there were – if 8 there were larger scheduled payments, you know, 9 I would like to give at least 30 days notice. 10 And that is – that is kind of my 11 rule of thumb so no one is surprised. 12 Q. Okay. And was it generally HCMLP's	1 WATERHOUSE - 10-19-21 2 Q. Okay. Are loan payments the kinds 3 of thing that HCMLP would pay on time because 4 of potential consequences of not paying on 5 time? 6 MR. MORRIS: Objection to the form 7 of the question. 8 A. Yes. As I testified earlier, we 9 would want to give, you know, notice on – on 10 – on larger payments and – and things of that 11 nature so we didn't miss due dates. 12 Q. Okay. And over the course of time,	Page 357
1 WATERHOUSE - 10-19-21 2 HCMLP cause HCMS to pay its bills? 3 MR. MORRIS: Objection to the form 4 of the question. 5 A. I mean, it – it – it depend – it 6 depended on the nature of the payment and the 7 vendor, but, you know, if there were – if 8 there were larger scheduled payments, you know, 9 I would like to give at least 30 days notice. 10 And that is – that is kind of my 11 rule of thumb so no one is surprised. 12 Q. Okay. And was it generally HCMLP's 13 practice to timely pay HCMS' bills?	1 WATERHOUSE - 10-19-21 2 Q. Okay. Are loan payments the kinds 3 of thing that HCMLP would pay on time because 4 of potential consequences of not paying on 5 time? 6 MR. MORRIS: Objection to the form 7 of the question. 8 A. Yes. As I testified earlier, we 9 would want to give, you know, notice on – on 10 – on larger payments and – and things of that 11 nature so we didn't miss due dates. 12 Q. Okay. And over the course of time, 13 did HCMLP generally pay HCMS' loan payments in	Page 357
1 WATERHOUSE - 10-19-21 2 HCMLP cause HCMS to pay its bills? 3 MR. MORRIS: Objection to the form 4 of the question. 5 A. I mean, it – it – it depend – it 6 depended on the nature of the payment and the 7 vendor, but, you know, if there were – if 8 there were larger scheduled payments, you know, 9 I would like to give at least 30 days notice. 10 And that is – that is kind of my 11 rule of thumb so no one is surprised. 12 Q. Okay. And was it generally HCMLP's 13 practice to timely pay HCMS' bills? 14 MR. MORRIS: Objection to the form	1 WATERHOUSE - 10-19-21 2 Q. Okay. Are loan payments the kinds 3 of thing that HCMLP would pay on time because 4 of potential consequences of not paying on 5 time? 6 MR. MORRIS: Objection to the form 7 of the question. 8 A. Yes. As I testified earlier, we 9 would want to give, you know, notice on – on 10 – on larger payments and – and things of that 11 nature so we didn't miss due dates. 12 Q. Okay. And over the course of time, 13 did HCMLP generally pay HCMS' loan payments in 14 a timely fashion?	Page 357
1 WATERHOUSE - 10-19-21 2 HCMLP cause HCMS to pay its bills? 3 MR. MORRIS: Objection to the form 4 of the question. 5 A. I mean, it – it – it depend – it 6 depended on the nature of the payment and the 7 vendor, but, you know, if there were – if 8 there were larger scheduled payments, you know, 9 I would like to give at least 30 days notice. 10 And that is – that is kind of my 11 rule of thumb so no one is surprised. 12 Q. Okay. And was it generally HCMLP's 13 practice to timely pay HCMS' bills? 14 MR. MORRIS: Objection to the form 15 of the question.	1 WATERHOUSE - 10-19-21 2 Q. Okay. Are loan payments the kinds 3 of thing that HCMLP would pay on time because 4 of potential consequences of not paying on 5 time? 6 MR. MORRIS: Objection to the form 7 of the question. 8 A. Yes. As I testified earlier, we 9 would want to give, you know, notice on – on 10 – on larger payments and – and things of that 11 nature so we didn't miss due dates. 12 Q. Okay. And over the course of time, 13 did HCMLP generally pay HCMS' loan payments in 14 a timely fashion? 15 MR. MORRIS: Objection to the form	Page 357
1 WATERHOUSE - 10-19-21 2 HCMLP cause HCMS to pay its bills? 3 MR. MORRIS: Objection to the form 4 of the question. 5 A. I mean, it – it – it depend – it 6 depended on the nature of the payment and the 7 vendor, but, you know, if there were – if 8 there were larger scheduled payments, you know, 9 I would like to give at least 30 days notice. 10 And that is – that is kind of my 11 rule of thumb so no one is surprised. 12 Q. Okay. And was it generally HCMLP's 13 practice to timely pay HCMS' bills? 14 MR. MORRIS: Objection to the form 15 of the question. 16 A. It – it – that depended on 17 the nature of the payment.	1 WATERHOUSE - 10-19-21 2 Q. Okay. Are loan payments the kinds 3 of thing that HCMLP would pay on time because 4 of potential consequences of not paying on 5 time? 6 MR. MORRIS: Objection to the form 7 of the question. 8 A. Yes. As I testified earlier, we 9 would want to give, you know, notice on – on 10 – on larger payments and – and things of that 11 nature so we didn't miss due dates. 12 Q. Okay. And over the course of time, 13 did HCMLP generally pay HCMS' loan payments in 14 a timely fashion? 15 MR. MORRIS: Objection to the form 16 of the question.	Page 357
1 WATERHOUSE - 10-19-21 2 HCMLP cause HCMS to pay its bills? 3 MR. MORRIS: Objection to the form 4 of the question. 5 A. I mean, it — it — it depend — it 6 depended on the nature of the payment and the 7 vendor, but, you know, if there were — if 8 there were larger scheduled payments, you know, 9 I would like to give at least 30 days notice. 10 And that is — that is kind of my 11 rule of thumb so no one is surprised. 12 Q. Okay. And was it generally HCMLP's 13 practice to timely pay HCMS' bills? 14 MR. MORRIS: Objection to the form 15 of the question. 16 A. It — it — that depended on 17 the nature of the payment.	1 WATERHOUSE - 10-19-21 2 Q. Okay. Are loan payments the kinds 3 of thing that HCMLP would pay on time because 4 of potential consequences of not paying on 5 time? 6 MR. MORRIS: Objection to the form 7 of the question. 8 A. Yes. As I testified earlier, we 9 would want to give, you know, notice on – on 10 – on larger payments and – and things of that 11 nature so we didn't miss due dates. 12 Q. Okay. And over the course of time, 13 did HCMLP generally pay HCMS' loan payments in 14 a timely fashion? 15 MR. MORRIS: Objection to the form 16 of the question. 17 A. I can't remember specifically, but	Page 357
1 WATERHOUSE - 10-19-21 2 HCMLP cause HCMS to pay its bills? 3 MR. MORRIS: Objection to the form 4 of the question. 5 A. I mean, it – it – it depend – it 6 depended on the nature of the payment and the 7 vendor, but, you know, if there were – if 8 there were larger scheduled payments, you know, 9 I would like to give at least 30 days notice. 10 And that is – that is kind of my 11 rule of thumb so no one is surprised. 12 Q. Okay. And was it generally HCMLP's 13 practice to timely pay HCMS' bills? 14 MR. MORRIS: Objection to the form 15 of the question. 16 A. It – it – it – that depended on 17 the nature of the payment. 18 Q. Okay. And can you explain what you	1 WATERHOUSE - 10-19-21 2 Q. Okay. Are loan payments the kinds 3 of thing that HCMLP would pay on time because 4 of potential consequences of not paying on 5 time? 6 MR. MORRIS: Objection to the form 7 of the question. 8 A. Yes. As I testified earlier, we 9 would want to give, you know, notice on – on 10 – on larger payments and – and things of that 11 nature so we didn't miss due dates. 12 Q. Okay. And over the course of time, 13 did HCMLP generally pay HCMS' loan payments in 14 a timely fashion? 15 MR. MORRIS: Objection to the form 16 of the question. 17 A. I can't remember specifically, but 18 generally, yes.	Page 357
1 WATERHOUSE - 10-19-21 2 HCMLP cause HCMS to pay its bills? 3 MR. MORRIS: Objection to the form 4 of the question. 5 A. I mean, it – it – it depend – it 6 depended on the nature of the payment and the 7 vendor, but, you know, if there were – if 8 there were larger scheduled payments, you know, 9 I would like to give at least 30 days notice. 10 And that is – that is kind of my 11 rule of thumb so no one is surprised. 12 Q. Okay. And was it generally HCMLP's 13 practice to timely pay HCMS' bills? 14 MR. MORRIS: Objection to the form 15 of the question. 16 A. It – it – that depended on 17 the nature of the payment. 18 Q. Okay. And can you explain what you 19 mean by that?	1 WATERHOUSE - 10-19-21 2 Q. Okay. Are loan payments the kinds 3 of thing that HCMLP would pay on time because 4 of potential consequences of not paying on 5 time? 6 MR. MORRIS: Objection to the form 7 of the question. 8 A. Yes. As I testified earlier, we 9 would want to give, you know, notice on – on 10 – on larger payments and – and things of that 11 nature so we didn't miss due dates. 12 Q. Okay. And over the course of time, 13 did HCMLP generally pay HCMS' loan payments in 14 a timely fashion? 15 MR. MORRIS: Objection to the form 16 of the question. 17 A. I can't remember specifically, but 18 generally, yes. 19 Q. Okay. Now, did HCMLP provide	Page 357
1 WATERHOUSE - 10-19-21 2 HCMLP cause HCMS to pay its bills? 3 MR. MORRIS: Objection to the form 4 of the question. 5 A. I mean, it – it – it depend – it 6 depended on the nature of the payment and the 7 vendor, but, you know, if there were – if 8 there were larger scheduled payments, you know, 9 I would like to give at least 30 days notice. 10 And that is – that is kind of my 11 rule of thumb so no one is surprised. 12 Q. Okay. And was it generally HCMLP's 13 practice to timely pay HCMS' bills? 14 MR. MORRIS: Objection to the form 15 of the question. 16 A. It – it – that depended on 17 the nature of the payment. 18 Q. Okay. And can you explain what you 19 mean by that? 20 A. Yeah, I mean if – if it was – I	1 WATERHOUSE - 10-19-21 2 Q. Okay. Are loan payments the kinds 3 of thing that HCMLP would pay on time because 4 of potential consequences of not paying on 5 time? 6 MR. MORRIS: Objection to the form 7 of the question. 8 A. Yes. As I testified earlier, we 9 would want to give, you know, notice on – on 10 – on larger payments and – and things of that 11 nature so we didn't miss due dates. 12 Q. Okay. And over the course of time, 13 did HCMLP generally pay HCMS' loan payments in 14 a timely fashion? 15 MR. MORRIS: Objection to the form 16 of the question. 17 A. I can't remember specifically, but 18 generally, yes. 19 Q. Okay. Now, did HCMLP provide 20 similar services to HCRE that you have	Page 357
1 WATERHOUSE - 10-19-21 2 HCMLP cause HCMS to pay its bills? 3 MR. MORRIS: Objection to the form 4 of the question. 5 A. I mean, it – it – it depend – it 6 depended on the nature of the payment and the 7 vendor, but, you know, if there were – if 8 there were larger scheduled payments, you know, 9 I would like to give at least 30 days notice. 10 And that is – that is kind of my 11 rule of thumb so no one is surprised. 12 Q. Okay. And was it generally HCMLP's 13 practice to timely pay HCMS' bills? 14 MR. MORRIS: Objection to the form 15 of the question. 16 A. It – it – it – that depended on 17 the nature of the payment. 18 Q. Okay. And can you explain what you 19 mean by that? 20 A. Yeah, I mean if – if it was – I 21 mean – if there was some professional fees	1 WATERHOUSE - 10-19-21 2 Q. Okay. Are loan payments the kinds 3 of thing that HCMLP would pay on time because 4 of potential consequences of not paying on 5 time? 6 MR. MORRIS: Objection to the form 7 of the question. 8 A. Yes. As I testified earlier, we 9 would want to give, you know, notice on – on 10 – on larger payments and – and things of that 11 nature so we didn't miss due dates. 12 Q. Okay. And over the course of time, 13 did HCMLP generally pay HCMS' loan payments in 14 a timely fashion? 15 MR. MORRIS: Objection to the form 16 of the question. 17 A. I can't remember specifically, but 18 generally, yes. 19 Q. Okay. Now, did HCMLP provide 20 similar services to HCRE that you have 21 described it provided to HCMS?	Page 357
1 WATERHOUSE - 10-19-21 2 HCMLP cause HCMS to pay its bills? 3 MR. MORRIS: Objection to the form 4 of the question. 5 A. I mean, it – it – it depend – it 6 depended on the nature of the payment and the 7 vendor, but, you know, if there were – if 8 there were larger scheduled payments, you know, 9 I would like to give at least 30 days notice. 10 And that is – that is kind of my 11 rule of thumb so no one is surprised. 12 Q. Okay. And was it generally HCMLP's 13 practice to timely pay HCMS' bills? 14 MR. MORRIS: Objection to the form 15 of the question. 16 A. It – it – that depended on 17 the nature of the payment. 18 Q. Okay. And can you explain what you 19 mean by that? 20 A. Yeah, I mean if – if it was – I 21 mean – if there was some professional fees 22 that weren't – you know, they were due but	1 WATERHOUSE - 10-19-21 2 Q. Okay. Are loan payments the kinds 3 of thing that HCMLP would pay on time because 4 of potential consequences of not paying on 5 time? 6 MR. MORRIS: Objection to the form 7 of the question. 8 A. Yes. As I testified earlier, we 9 would want to give, you know, notice on – on 10 – on larger payments and – and things of that 11 nature so we didn't miss due dates. 12 Q. Okay. And over the course of time, 13 did HCMLP generally pay HCMS' loan payments in 14 a timely fashion? 15 MR. MORRIS: Objection to the form 16 of the question. 17 A. I can't remember specifically, but 18 generally, yes. 19 Q. Okay. Now, did HCMLP provide 20 similar services to HCRE that you have 21 described it provided to HCMS? 22 MR. MORRIS: Objection to the form	Page 357
1 WATERHOUSE - 10-19-21 2 HCMLP cause HCMS to pay its bills? 3 MR. MORRIS: Objection to the form 4 of the question. 5 A. I mean, it – it – it depend – it 6 depended on the nature of the payment and the 7 vendor, but, you know, if there were – if 8 there were larger scheduled payments, you know, 9 I would like to give at least 30 days notice. 10 And that is – that is kind of my 11 rule of thumb so no one is surprised. 12 Q. Okay. And was it generally HCMLP's 13 practice to timely pay HCMS' bills? 14 MR. MORRIS: Objection to the form 15 of the question. 16 A. It – it – that depended on 17 the nature of the payment. 18 Q. Okay. And can you explain what you 19 mean by that? 20 A. Yeah, I mean if – if it was – I 21 mean – if there was some professional fees 22 that weren't – you know, they were due but 23 they weren't urgent, those fees may not be paid	1 WATERHOUSE - 10-19-21 2 Q. Okay. Are loan payments the kinds 3 of thing that HCMLP would pay on time because 4 of potential consequences of not paying on 5 time? 6 MR. MORRIS: Objection to the form 7 of the question. 8 A. Yes. As I testified earlier, we 9 would want to give, you know, notice on – on 10 – on larger payments and – and things of that 11 nature so we didn't miss due dates. 12 Q. Okay. And over the course of time, 13 did HCMLP generally pay HCMS' loan payments in 14 a timely fashion? 15 MR. MORRIS: Objection to the form 16 of the question. 17 A. I can't remember specifically, but 18 generally, yes. 19 Q. Okay. Now, did HCMLP provide 20 similar services to HCRE that you have 21 described it provided to HCMS? 22 MR. MORRIS: Objection to the form 23 of the question.	Page 357

Page 358 1 WATERHOUSE - 10-19-21	Page 359 1 WATERHOUSE - 10-19-21
2 services.	2 loan payment that was due from HCMS to HCMLP in
3 Q. Can you describe the accounting and	3 December of 2020?
4 treasury services that HCMLP provided for HCRE?	4 MR. MORRIS: Objection to the form
5 A. Yeah, it – it would provide	5 of the question.
6 bookkeeping services on a – on a periodic	6 A. I don't believe that payment –
7 basis. It would make payments, you know, as	7 payment was made.
8 needed.	8 Q. Okay. And when HCMLP caused HCMS in
9 Q. Okay. So did it provide –	9 the past to make loan payments, whose money did
10 A. And – and I believe it – it – it	10 it use to make those payments?
11 provided tax services as well.	11 MR. MORRIS: Objection to the form
12 Q. Okay. And so did it provide the	12 of the question.
13 same kind of bill – did HCMLP provide the same	13 A. It was the – the money in HCMS's
14 kind of bill-paying services for HCRE that it	14 operating account would be made to that –
15 provided for HCMS and NexPoint?	15 those moneys would be used to make payment to
16 MR. MORRIS: Objection to the form	16 Highland Capital Management.
17 of the question.	17 Q. Okay. And Highland – is it correct
18 A. Yes.	18 that Highland Capital Management personnel had
19 Q. And over the course of time, did	19 the access to HCMS's accounts to be able to
20 HCMLP generally cause to be made the loan	20 cause such payments to be made?
21 payments that HCRE owed to HCMLP?	21 A. Yes, Highland personnel had access
22 MR. MORRIS: Objection to the form	22 to those accounts.
23 of the question.	23 Q. Okay. And so now for HCRE, whose
24 A. Yes.	24 money was used when HCMLP caused HCRE
25 Q. Did HCMLP make loan payment – the	25 payments – loan payments to Highland to be
Page 360	Page 361
1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21
2 made?	2 of the question.
3 MR. MORRIS: Objection to the form	3 A. I – I don't recall.
4 of the question.	4 Q. Do you have any reason to believe
5 A. It was – it was cash in HCRE's bank	5 that either HCRE or HCMS simply didn't have the
6 account that would be used to make payments to	6 funds on hand to make the December 2020
7 Highland Capital Management.	7 payments?
8 Q. Okay. And so did Highland Capital	8 A. I don't know.
9 Management have access to HCRE's funds in order	9 Q. I guess I'm asking, do you have any
10 to be able to make such payments?	10 reason to believe that they didn't have the
11 MR. MORRIS: Objection to the form	11 funds?
12 of the question.	12 A. We managed cash for so many
13 A. Personnel at Highland Capital	13 different entities and funds, and I don't
14 Management had access to HCRE's bank account to	14 recall, you know, where the cash position was
15 effectuate the payments.	15 for HCRE and HCMS at 12/31/2020.
16 Q. Okay. And was the payment due from	16 Q. Okay.
17 HCRE to HCMLP due in December of 2020 made?	17 A. I just don't recall, and I don't –
18 A. It –	18 and I don't remember what the loan payment
	19 obligations were from HCRE to Highland, and
19 Q. In December of 2020.	
20 A. It was not.	20 from HCMS to Highland. I don't recall. I
20 A. It was not. 21 Q. Okay. And was there money in HCRE's	21 don't recall, I mean
20 A. It was not. 21 Q. Okay. And was there money in HCRE's 22 account that would have enabled the payment to	 21 don't recall, I mean 22 Q. Let me come at it a different way.
20 A. It was not. 21 Q. Okay. And was there money in HCRE's 22 account that would have enabled the payment to 23 be made had HCM personnel attempted to make the	 21 don't recall, I mean 22 Q. Let me come at it a different way. 23 Were the – were the payments that would
20 A. It was not. 21 Q. Okay. And was there money in HCRE's 22 account that would have enabled the payment to	 21 don't recall, I mean 22 Q. Let me come at it a different way.

1	Page 362 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 363
1		l _		
2	A. I believe the HCRE payment was made	2	believe I'm an authorized signer. So I	
3	in January of 2021. I don't recall any	3	can't – other personnel have to make payment	
4	payments being made from HCMS to Highland.	4	from HCRE to – to – to – to Highland.	
5	Q. If it – how is it the HCRE payment	5	Q. Okay. And in the conversation	
6	came to be made? Why did you make it – why	6	that – that you had with Mr. Dondero when he	
'	did HCM make the payment in January of 2021?	7	requested the payment to be made, did you say	
8	A. Jim – Jim called me and instructed	8	to him words to the effect, Jim, this loan is	
9	me to – to make the payment on behalf of HCRE,	9	going to stay in default, what are you making	
10	Jim Dondero Jim Dondero.	10	the payment for, anything like that?	
11	Q. Did he seem upset that – that the	11	A. No.	
12	payment had not been made?	12	Q. In fact, did you have the impression	
13	A. Yeah. On the note that was, you	13	from him that he thought that the loan would	
14	know, that was the term note, yes, he - he was	14	be - the default would be cured by making the	
15	displeased that the – that the payment had not	15	payment?	
16	been made by year-end.	16	MR. MORRIS: Objection to the form	
17	Q. Okay. And did you make the - cause	17	of the question.	
18	the payment to be made as – as requested?	18	A. Did I get the impression from Jim	
19	A. Yes.	19	Dondero that the loan would be cured if the	
20	Q. And did anyone else from HCM	20	payment from HCRE -	
21	participate with you in causing the payment to	21	Q. Yeah, if that is what he thought.	
22	be made to on the HCRE loan?	22	MR. MORRIS: Objection to the form	
23	A. Yes. It would have been Kristin	23	of the question.	
24	Hendrix. I – again, I don't – as I testified	24	A. I didn't get any impression from him	
25	earlier, I'm not an officer of HCRE. I don't	25	on that at the time.	
	Page 364			
1				Daga 365
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 365
1 2		1 2		Page 365
1	WATERHOUSE - 10-19-21 Q. Do you know whether there was an	_	WATERHOUSE - 10-19-21 January of 2021, do you think it was part of the same conversation where Jim Dondero said,	Page 365
1	WATERHOUSE - 10-19-21 Q. Do you know whether there was an HCMS term loan that had a payment due in	2	January of 2021, do you think it was part of the same conversation where Jim Dondero said,	Page 365
2 3 4	WATERHOUSE - 10-19-21 Q. Do you know whether there was an HCMS term loan that had a payment due in December of 2020?	2 3 4	January of 2021, do you think it was part of the same conversation where Jim Dondero said, hey, why didn't that get paid, please make	Page 365
2 3 4 5	WATERHOUSE - 10-19-21 Q. Do you know whether there was an HCMS term loan that had a payment due in December of 2020? A. I don't recall.	2 3 4 5	January of 2021, do you think it was part of the same conversation where Jim Dondero said, hey, why didn't that get paid, please make that – get that payment done?	Page 365
2 3 4 5 6	WATERHOUSE - 10-19-21 Q. Do you know whether there was an HCMS term loan that had a payment due in December of 2020? A. I don't recall. Q. Okay. And so the reason you don't	2 3 4 5 6	January of 2021, do you think it was part of the same conversation where Jim Dondero said, hey, why didn't that get paid, please make that – get that payment done? MR. MORRIS: I object to the form of	Page 365
2 3 4 5 6 7	WATERHOUSE - 10-19-21 Q. Do you know whether there was an HCMS term loan that had a payment due in December of 2020? A. I don't recall. Q. Okay. And so the reason you don't recall whether or not there was a payment in	2 3 4 5 6 7	January of 2021, do you think it was part of the same conversation where Jim Dondero said, hey, why didn't that get paid, please make that – get that payment done? MR. MORRIS: I object to the form of the question.	Page 365
2 3 4 5 6 7 8	WATERHOUSE - 10-19-21 Q. Do you know whether there was an HCMS term loan that had a payment due in December of 2020? A. I don't recall. Q. Okay. And so the reason you don't recall whether or not there was a payment in January of 2021 is because you just don't	2 3 4 5 6 7 8	January of 2021, do you think it was part of the same conversation where Jim Dondero said, hey, why didn't that get paid, please make that – get that payment done? MR. MORRIS: I object to the form of the question. A. Yes. Likely it would have been – I	Page 365
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 Q. Do you know whether there was an HCMS term loan that had a payment due in December of 2020? A. I don't recall. Q. Okay. And so the reason you don't recall whether or not there was a payment in January of 2021 is because you just don't remember whether there was such a loan at all?	2 3 4 5 6 7 8 9	January of 2021, do you think it was part of the same conversation where Jim Dondero said, hey, why didn't that get paid, please make that – get that payment done? MR. MORRIS: I object to the form of the question. A. Yes. Likely it would have been – I mean, again, I don't recall a payment being	Page 365
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 Q. Do you know whether there was an HCMS term loan that had a payment due in December of 2020? A. I don't recall. Q. Okay. And so the reason you don't recall whether or not there was a payment in January of 2021 is because you just don't remember whether there was such a loan at all? MR. MORRIS: Objection to the form	2 3 4 5 6 7 8 9	January of 2021, do you think it was part of the same conversation where Jim Dondero said, hey, why didn't that get paid, please make that – get that payment done? MR. MORRIS: I object to the form of the question. A. Yes. Likely it would have been – I mean, again, I don't recall a payment being made, but, you know, again, I don't remember	Page 365
2 3 4 5 6 7 8 9 10	WATERHOUSE - 10-19-21 Q. Do you know whether there was an HCMS term loan that had a payment due in December of 2020? A. I don't recall. Q. Okay. And so the reason you don't recall whether or not there was a payment in January of 2021 is because you just don't remember whether there was such a loan at all? MR. MORRIS: Objection to the form of the question.	2 3 4 5 6 7 8 9 10	January of 2021, do you think it was part of the same conversation where Jim Dondero said, hey, why didn't that get paid, please make that – get that payment done? MR. MORRIS: I object to the form of the question. A. Yes. Likely it would have been – I mean, again, I don't recall a payment being made, but, you know, again, I don't remember everything.	Page 365
2 3 4 5 6 7 8 9 10 11 12	WATERHOUSE - 10-19-21 Q. Do you know whether there was an HCMS term loan that had a payment due in December of 2020? A. I don't recall. Q. Okay. And so the reason you don't recall whether or not there was a payment in January of 2021 is because you just don't remember whether there was such a loan at all? MR. MORRIS: Objection to the form of the question. A. I don't remember. There is – there	2 3 4 5 6 7 8 9 10 11 12	January of 2021, do you think it was part of the same conversation where Jim Dondero said, hey, why didn't that get paid, please make that – get that payment done? MR. MORRIS: I object to the form of the question. A. Yes. Likely it would have been – I mean, again, I don't recall a payment being made, but, you know, again, I don't remember everything. Q. Okay. Did – at the time you were	Page 365
2 3 4 5 6 7 8 9 10 11 12 13	WATERHOUSE - 10-19-21 Q. Do you know whether there was an HCMS term loan that had a payment due in December of 2020? A. I don't recall. Q. Okay. And so the reason you don't recall whether or not there was a payment in January of 2021 is because you just don't remember whether there was such a loan at all? MR. MORRIS: Objection to the form of the question. A. I don't remember. There is – there is so many notes, and I mean, demands, and I	2 3 4 5 6 7 8 9 10 11 12 13	January of 2021, do you think it was part of the same conversation where Jim Dondero said, hey, why didn't that get paid, please make that – get that payment done? MR. MORRIS: I object to the form of the question. A. Yes. Likely it would have been – I mean, again, I don't recall a payment being made, but, you know, again, I don't remember everything. Q. Okay. Did – at the time you were communicating with Kristin Hendrix about the	Page 365
2 3 4 5 6 7 8 9 10 11 12 13	WATERHOUSE - 10-19-21 Q. Do you know whether there was an HCMS term loan that had a payment due in December of 2020? A. I don't recall. Q. Okay. And so the reason you don't recall whether or not there was a payment in January of 2021 is because you just don't remember whether there was such a loan at all? MR. MORRIS: Objection to the form of the question. A. I don't remember. There is – there is so many notes, and I mean, demands, and I don't – I don't remember. It's a lot to keep	2 3 4 5 6 7 8 9 10 11 12 13 14	January of 2021, do you think it was part of the same conversation where Jim Dondero said, hey, why didn't that get paid, please make that – get that payment done? MR. MORRIS: I object to the form of the question. A. Yes. Likely it would have been – I mean, again, I don't recall a payment being made, but, you know, again, I don't remember everything. Q. Okay. Did – at the time you were communicating with Kristin Hendrix about the payment being made, whichever payments were	Page 365
2 3 4 5 6 7 8 9 10 11 12 13 14 15	WATERHOUSE - 10-19-21 Q. Do you know whether there was an HCMS term loan that had a payment due in December of 2020? A. I don't recall. Q. Okay. And so the reason you don't recall whether or not there was a payment in January of 2021 is because you just don't remember whether there was such a loan at all? MR. MORRIS: Objection to the form of the question. A. I don't remember. There is – there is so many notes, and I mean, demands, and I don't – I don't remember. It's a lot to keep track in your head.	2 3 4 5 6 7 8 9 10 11 12 13 14 15	January of 2021, do you think it was part of the same conversation where Jim Dondero said, hey, why didn't that get paid, please make that – get that payment done? MR. MORRIS: I object to the form of the question. A. Yes. Likely it would have been – I mean, again, I don't recall a payment being made, but, you know, again, I don't remember everything. Q. Okay. Did – at the time you were communicating with Kristin Hendrix about the payment being made, whichever payments were made in January, did she say anything to you	Page 365
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	WATERHOUSE - 10-19-21 Q. Do you know whether there was an HCMS term loan that had a payment due in December of 2020? A. I don't recall. Q. Okay. And so the reason you don't recall whether or not there was a payment in January of 2021 is because you just don't remember whether there was such a loan at all? MR. MORRIS: Objection to the form of the question. A. I don't remember. There is – there is so many notes, and I mean, demands, and I don't – I don't remember. It's a lot to keep track in your head. Q. I understand, and – and I hear your	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	January of 2021, do you think it was part of the same conversation where Jim Dondero said, hey, why didn't that get paid, please make that – get that payment done? MR. MORRIS: I object to the form of the question. A. Yes. Likely it would have been – I mean, again, I don't recall a payment being made, but, you know, again, I don't remember everything. Q. Okay. Did – at the time you were communicating with Kristin Hendrix about the payment being made, whichever payments were made in January, did she say anything to you about the payments not curing the loan	Page 365
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	WATERHOUSE - 10-19-21 Q. Do you know whether there was an HCMS term loan that had a payment due in December of 2020? A. I don't recall. Q. Okay. And so the reason you don't recall whether or not there was a payment in January of 2021 is because you just don't remember whether there was such a loan at all? MR. MORRIS: Objection to the form of the question. A. I don't remember. There is – there is so many notes, and I mean, demands, and I don't – I don't remember. It's a lot to keep track in your head. Q. I understand, and – and I hear your frustration when you have explained that the	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	January of 2021, do you think it was part of the same conversation where Jim Dondero said, hey, why didn't that get paid, please make that – get that payment done? MR. MORRIS: I object to the form of the question. A. Yes. Likely it would have been – I mean, again, I don't recall a payment being made, but, you know, again, I don't remember everything. Q. Okay. Did – at the time you were communicating with Kristin Hendrix about the payment being made, whichever payments were made in January, did she say anything to you about the payments not curing the loan defaults?	Page 365
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	WATERHOUSE - 10-19-21 Q. Do you know whether there was an HCMS term loan that had a payment due in December of 2020? A. I don't recall. Q. Okay. And so the reason you don't recall whether or not there was a payment in January of 2021 is because you just don't remember whether there was such a loan at all? MR. MORRIS: Objection to the form of the question. A. I don't remember. There is – there is so many notes, and I mean, demands, and I don't – I don't remember. It's a lot to keep track in your head. Q. I understand, and – and I hear your frustration when you have explained that the debtor has your documents and you don't, and so	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	January of 2021, do you think it was part of the same conversation where Jim Dondero said, hey, why didn't that get paid, please make that – get that payment done? MR. MORRIS: I object to the form of the question. A. Yes. Likely it would have been – I mean, again, I don't recall a payment being made, but, you know, again, I don't remember everything. Q. Okay. Did – at the time you were communicating with Kristin Hendrix about the payment being made, whichever payments were made in January, did she say anything to you about the payments not curing the loan defaults? A. No.	Page 365
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	WATERHOUSE - 10-19-21 Q. Do you know whether there was an HCMS term loan that had a payment due in December of 2020? A. I don't recall. Q. Okay. And so the reason you don't recall whether or not there was a payment in January of 2021 is because you just don't remember whether there was such a loan at all? MR. MORRIS: Objection to the form of the question. A. I don't remember. There is – there is so many notes, and I mean, demands, and I don't – I don't remember. It's a lot to keep track in your head. Q. I understand, and – and I hear your frustration when you have explained that the debtor has your documents and you don't, and so I fully appreciate it, and this is no knock on	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	January of 2021, do you think it was part of the same conversation where Jim Dondero said, hey, why didn't that get paid, please make that – get that payment done? MR. MORRIS: I object to the form of the question. A. Yes. Likely it would have been – I mean, again, I don't recall a payment being made, but, you know, again, I don't remember everything. Q. Okay. Did – at the time you were communicating with Kristin Hendrix about the payment being made, whichever payments were made in January, did she say anything to you about the payments not curing the loan defaults? A. No. Q. Okay. All right. So I'm going to	Page 365
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	WATERHOUSE - 10-19-21 Q. Do you know whether there was an HCMS term loan that had a payment due in December of 2020? A. I don't recall. Q. Okay. And so the reason you don't recall whether or not there was a payment in January of 2021 is because you just don't remember whether there was such a loan at all? MR. MORRIS: Objection to the form of the question. A. I don't remember. There is – there is so many notes, and I mean, demands, and I don't – I don't remember. It's a lot to keep track in your head. Q. I understand, and – and I hear your frustration when you have explained that the debtor has your documents and you don't, and so I fully appreciate it, and this is no knock on you. It's a knock on somebody else on this	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	January of 2021, do you think it was part of the same conversation where Jim Dondero said, hey, why didn't that get paid, please make that – get that payment done? MR. MORRIS: I object to the form of the question. A. Yes. Likely it would have been – I mean, again, I don't recall a payment being made, but, you know, again, I don't remember everything. Q. Okay. Did – at the time you were communicating with Kristin Hendrix about the payment being made, whichever payments were made in January, did she say anything to you about the payments not curing the loan defaults? A. No. Q. Okay. All right. So I'm going to take you back to very early in the deposition	Page 365
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	WATERHOUSE - 10-19-21 Q. Do you know whether there was an HCMS term loan that had a payment due in December of 2020? A. I don't recall. Q. Okay. And so the reason you don't recall whether or not there was a payment in January of 2021 is because you just don't remember whether there was such a loan at all? MR. MORRIS: Objection to the form of the question. A. I don't remember. There is – there is so many notes, and I mean, demands, and I don't – I don't remember. It's a lot to keep track in your head. Q. I understand, and – and I hear your frustration when you have explained that the debtor has your documents and you don't, and so I fully appreciate it, and this is no knock on you. It's a knock on somebody else on this call.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	January of 2021, do you think it was part of the same conversation where Jim Dondero said, hey, why didn't that get paid, please make that – get that payment done? MR. MORRIS: I object to the form of the question. A. Yes. Likely it would have been – I mean, again, I don't recall a payment being made, but, you know, again, I don't remember everything. Q. Okay. Did – at the time you were communicating with Kristin Hendrix about the payment being made, whichever payments were made in January, did she say anything to you about the payments not curing the loan defaults? A. No. Q. Okay. All right. So I'm going to take you back to very early in the deposition when Mr. Morris was asking you about the —	Page 365
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	WATERHOUSE - 10-19-21 Q. Do you know whether there was an HCMS term loan that had a payment due in December of 2020? A. I don't recall. Q. Okay. And so the reason you don't recall whether or not there was a payment in January of 2021 is because you just don't remember whether there was such a loan at all? MR. MORRIS: Objection to the form of the question. A. I don't remember. There is – there is so many notes, and I mean, demands, and I don't – I don't remember. It's a lot to keep track in your head. Q. I understand, and – and I hear your frustration when you have explained that the debtor has your documents and you don't, and so I fully appreciate it, and this is no knock on you. It's a knock on somebody else on this call. MR. MORRIS: I move to strike. That	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	January of 2021, do you think it was part of the same conversation where Jim Dondero said, hey, why didn't that get paid, please make that – get that payment done? MR. MORRIS: I object to the form of the question. A. Yes. Likely it would have been – I mean, again, I don't recall a payment being made, but, you know, again, I don't remember everything. Q. Okay. Did – at the time you were communicating with Kristin Hendrix about the payment being made, whichever payments were made in January, did she say anything to you about the payments not curing the loan defaults? A. No. Q. Okay. All right. So I'm going to take you back to very early in the deposition when Mr. Morris was asking you about the – the – the agreement with respect to	Page 365
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	WATERHOUSE - 10-19-21 Q. Do you know whether there was an HCMS term loan that had a payment due in December of 2020? A. I don't recall. Q. Okay. And so the reason you don't recall whether or not there was a payment in January of 2021 is because you just don't remember whether there was such a loan at all? MR. MORRIS: Objection to the form of the question. A. I don't remember. There is – there is so many notes, and I mean, demands, and I don't – I don't remember. It's a lot to keep track in your head. Q. I understand, and – and I hear your frustration when you have explained that the debtor has your documents and you don't, and so I fully appreciate it, and this is no knock on you. It's a knock on somebody else on this call. MR. MORRIS: I move to strike. That was pretty obnoxious, but go ahead.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	January of 2021, do you think it was part of the same conversation where Jim Dondero said, hey, why didn't that get paid, please make that – get that payment done? MR. MORRIS: I object to the form of the question. A. Yes. Likely it would have been – I mean, again, I don't recall a payment being made, but, you know, again, I don't remember everything. Q. Okay. Did – at the time you were communicating with Kristin Hendrix about the payment being made, whichever payments were made in January, did she say anything to you about the payments not curing the loan defaults? A. No. Q. Okay. All right. So I'm going to take you back to very early in the deposition when Mr. Morris was asking you about the – the – the agreement with respect to the – the forgiveness element of the loans, so	Page 365
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	WATERHOUSE - 10-19-21 Q. Do you know whether there was an HCMS term loan that had a payment due in December of 2020? A. I don't recall. Q. Okay. And so the reason you don't recall whether or not there was a payment in January of 2021 is because you just don't remember whether there was such a loan at all? MR. MORRIS: Objection to the form of the question. A. I don't remember. There is – there is so many notes, and I mean, demands, and I don't – I don't remember. It's a lot to keep track in your head. Q. I understand, and – and I hear your frustration when you have explained that the debtor has your documents and you don't, and so I fully appreciate it, and this is no knock on you. It's a knock on somebody else on this call. MR. MORRIS: I move to strike. That	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	January of 2021, do you think it was part of the same conversation where Jim Dondero said, hey, why didn't that get paid, please make that – get that payment done? MR. MORRIS: I object to the form of the question. A. Yes. Likely it would have been – I mean, again, I don't recall a payment being made, but, you know, again, I don't remember everything. Q. Okay. Did – at the time you were communicating with Kristin Hendrix about the payment being made, whichever payments were made in January, did she say anything to you about the payments not curing the loan defaults? A. No. Q. Okay. All right. So I'm going to take you back to very early in the deposition when Mr. Morris was asking you about the – the – the agreement with respect to	Page 365

WATERHOUSE - 10-19-21 1		Page 366		Page 367
3 Communicating about potential means of resolving the Highland bankruptcy by what was 4 Q. Ckay. Was that conversation. 5 colloquilally referred to as a pot plan? 6 A. Yes. 7 Q. Okay. And can you tell me generally 8 when that was? 8 Ment that was? 9 A. Like mid—mid 2020, sometime in 10 2020, mid 2020. 11 Q. Okay. And did the process of trying 12 bifigure out what the numbers should be 12 context. 13 involve looking at what one should pay for the 14 Highland assests? 15 NRK MORRIS: Objection to the form 16 of the question. 17 A. Yes. 18 Q. Okay. And did there come a time 19 when you were proposing some potential numbers 20 and Mr. Dondero said something to you like, 21 well, why are you including payment for the 22 well, why are you including payment for the 23 likely to be forgiven as part of my deferred 24 executive compensation? 25 WRK MORRIS: Objection to the form 26 of the question. 27 A. Yes. 28 Wey to be forgiven as part of my deferred 29 when you were proposing some potential numbers 20 and Mr. Dondero said something to you like, 21 well, why are you including payment for the 22 likely part places, flose, you know, were 23 likely to be forgiven as part of my deferred 24 executive compensation? 25 WRK MORRIS: Objection to the form 26 of the question. 27 A. Yes. 28 Wey to be forgiven as part of my deferred 29 Mr. MORRIS: Objection to the form 20 of the question. 20 of the question. 21 WATERHOUSE - 10-19-21 22 of the question. 23 Mr. MORRIS: Objection to the form 24 open pay on the practice of giving forgivable 25 at various times for all the assests of 26 of the question. 27 (Q. Okay, And does that referse hour and myself put 28 of the question. 31 (Q. Okay, And use of the representations were likely to end up forgiven 32 or given to emphass that took into account, limits comment 33 loans to executives. 34 (Q. Okay, Polyou know who saw the 35 or given to emphass that took into account, limits comment 36 or given to emphass that took into account, limits comment 37 (Q. Okay, And use the related party notes			1 WATERHOUSE - 10-19-21	Ŭ
4 resolving the Highland bankuptory by what was 5 colloquially referred to as a pot plan? 5 colloquially referred to as a pot plan? 6 A. Yes. 6 numbers for a pot plan? 7 A. Yesh. Imman, It was—It wa	2 time that you and Mr. Dondero were		2 of the question.	
5 colloquially referred to as a pot plan? 6 A Yes. 7 C. Okay. And can you tell me generally 8 when that was? 9 A. Like mid—mid 2020, sometime in 10 2020, mid 2020. 11 bifure out what the numbers should be 12 context. 13 invoke looking at what one should pay for the 14 lifyland assets? 15 MR. MORRIS: Objection to the form 16 of the question. 17 A Yes. 18 A The—the—the executive 18 when you were proposing some potential numbers 20 and Mr. Dondero said something to you like, 21 well, will var eye proposing some potential numbers 22 likely to be forgiven as part of my deferred 23 likely to be forgiven as part of my deferred 24 executive compressation? 25 MR. MORRIS: Objection to the form 26 of the question. 27 A Yes. 28 when you were make 29 one proposition of the form 29 MR. MORRIS: Objection to the form 30 one proposition of the proposition of the form 31 of the question. 32 one proposition of the form 33 one proposition of the form 34 of the question. 35 one proposition of the form 36 one proposition of the form 37 of the question. 38 one proposition of the form 39 one proposition of the form 30 one proposition of the form 30 one proposition of the form 31 of the question. 32 like the notes were likely to end up forgiven 33 like the notes were likely to end up forgiven 34 together, you know, asset summaries of Highland 35 of the question. 36 one proposition of the form 37 of the question. 38 one proposition of the form 39 A New Yes, we—the team and myself put 40 together, you know, asset summaries of Highland 41 Mr. Decender od with the information. 42 one proposition of the form 43 one proposition of the form 44 together, you know, asset summaries of Highland 45 at various times for all the assets of the question. 46 together, you know, asset summaries of Highland 47 one proposition of the form 48 one proposition of the form 49 A New Yes, we—the team and myself put 40 office question. 41 Mr. Dondero of dividithe information. 41 Mr. Dondero of dividithe information. 42 one of the question. 43 one of the question		;	A. Yes, we did have that conversation.	
6 numbers for a pot plan? 7 Q. Okay. And can you tell me generally 8 when that was? 9 A. Like mid – mid 2020, sometime in 1 Q. Okay. And did the process of trying 1 2 to figure out what the numbers should be 1 2 to figure out what the numbers should be 1 2 to figure out what the numbers should be 1 3 Q. Okay. And does that refresh your 1 Highland assets? 1 4 recollection that these communications were in 1 5 MR. MORRIS: Objection to the form 1 6 Q. Okay. And did there come a time 1 9 when you were proposing some potential numbers 2 and Mr. Dondero said something to you like, 2 1 well, why are you including payment for the 2 2 related party notes, those, you know, were 2 to likely to be finglyen as part of my deferred 2 wecutive compensation? 2 MR. MORRIS: Objection to the form 2 MR. MORRIS: Objection to the form 2 MR. MORRIS: Objection to the form 3 A Yes, we — the team and myself put 4 together, you know, asset summaries of Highland 3 at various times for all the assets of 3 MR. MORRIS: Objection to the form 4 The question. 5 MR. MORRIS: Objection to the form 5 MR. MORRIS: Objection to the form 6 MR. MORRIS: Objection to the form 7 Q. Okay, Now, did you ever make 2 proposals that took into account Jim's comment 2 to reflect party notes, those, you know, were 2 proposals that took into account Jim's comment 3 that the notes werellikely to end up forgiven 4 as part of his compensation? 5 MR. MORRIS: Objection to the form 7 Q. Okay, And were those presentations 6 Highland, and not including the notes. 7 Q. Okay, And were those presentations 7 or call about that practice of giving forgyable 8 MR. MORRIS: Objection to the form 9 MR. MORRIS: Objection to the form 1 Mr. Dondero did with the information. 1 Uniform my termure at Highland, there were learn 1 Mr. Dondero did with the information. 1 Uniform my termure at Highland, there were learn 2 Q. Okay, Do you know who saw the 9 presentations that you put together that didn't 1 Include the value of the related party notes? 1 A I did not have conversations with 1 A Mr	4 resolving the Highland bankruptcy by what was	4	4 Q. Okay. Was that conversation in	
Variety of the question	5 colloquially referred to as a pot plan?	:	5 connection with trying to figure out the right	
8 mean, Jim – Jim would ask for, you know, 9 nost – most recent asset values, you know, 10 2020, mid 2020. 11 Q Okay. And did the process of trying 12 lofigure out what the numbers should be 13 involve looking at what one should pay for the 13 involve looking at what one should pay for the 14 Highland assets? 15 MR MORRIS: Objection to the form 16 of the question. 16 MR MORRIS: Objection to the form 17 A Yes. 18 Q Okay. And did there come a time 19 when you were proposing some potential numbers 20 and Mr. Dondero said something to you like, 21 well, why are you including payment for the 22 related party notes, those, you know, were 23 likely to be forghen as part of my deferred 24 executive compensation? 25 MR MORRIS: Objection to the form 26 weed, who are you will not be form 27 well, why are you including payment for the 28 related party notes, those, you know, were 29 related party notes, those, you know, were 29 related party notes, those, you know, were 20 related party notes, those, you know, were 21 well, why are you including payment for the 22 related party notes, those, you know, were 23 likely to be forghen as part of my deferred 24 executive compensation? 25 MR MORRIS: Objection to the form 26 water the question. 27 MR MORRIS: Objection to the form 28 water the question of which were the precise of giving forgivable 39 A Yes, we — the team and myself put 40 together, you know, asset summaries of Highland 5 at various times for all the assets of 5 of the question. 41 Mr. Dondero did with the information. 42 Q. Okay, Do you know who saw the 6 presentations with 19 forgiven are a fluring may termure at Highland, there were loans 10 q. Okay, Do you know who saw the 10 q. Okay, Okay, Do you know who saw the 10 q. Okay, Okay, Do you know who saw the 10 q. Okay, Okay, Do you know who saw the 10 q. Okay, Okay, Do you know who saw the 10 q. Okay, Okay, Do you know who saw the 10 question. 40 Q. Okay, And did the notes, 10 question to the form 10 question the protested part yrotes? 41 A I didn to thou who — t	6 A. Yes.		6 numbers for a pot plan?	
9 most - most recent asset values, you know, for 10 2020, mid 2020. 10 Q. Okay. And did the process of trying 10 Highland, and - and myself and the team 11 provided those to him, so it was in that 11 provided those to him, so it was in that 12 context. 13 Q. Okay. And does that refresh your 14 Highland assets? 14 recollection that these communications were in 15 MR. MORRIS: Objection to the form 15 2020 rather than 2021? 18 MR. MORRIS: Objection to the form 16 MR. MORRIS: Objection to the form 17 A. Yes. 18 Q. Okay. And did there come a time 18 A. The - the - the executive mere proposing some potential numbers 19 compensation discussions were definitely in 2020. 19 When you were proposing some potential numbers 19 compensation of sucusions were definitely in 2020.	7 Q. Okay. And can you tell me generally	'	7 A. Yeah. I mean, it was – it was – I	
10 2020, mid 2020. 11 Q. Okay. And did the process of trying 11 provided those to him, so it was in that 12 context. 13 involve looking at what one should pay for the 14 Highland assets? 15 MR MORRIS: Objection to the form 16 of the question. 16 MR MORRIS: Objection to the form 17 A. Yes. 18 Q. Okay. And did there come a time 19 when you were proposing some potential numbers 20 and Mr. Dondero said something to you like, 21 well, why are you including payment for the 22 related party notes, those, you know, were 23 fikely to be forgiven as part of my deferred 24 executive compensation? 25 MR MORRIS: Objection to the form 26 related party notes, those, you know, were 27 well, why are you including payment for the 28 related party notes, those, you know, were 29 proposals that took into account, lim's comment 20 as part of the outsets of the question. 20 and Mr. Ondero said something to you like, 21 Q. Okay. Now, did you ever make 22 prosposals that took into account, lim's comment 23 fixely to be forgiven as part of my deferred 24 executive compensation? 25 MR MORRIS: Objection to the form 26 was part of fine compensation? 27 WATERHOUSE - 10-19-21 28 WATERHOUSE - 10-19-21 39 A Yes, we — the team and myself put 40 together, you know, asset summaries of Highland 41 together, you know, asset summaries of Highland 42 at various times for all the assets of 43 together, you know, asset summaries of Highland 44 MR, MORRIS: Objection to the form 45 at various times for all the assets of 46 D. Can you — can you tell me what you 47 Q. Okay. And were those presentations 48 communicated to — to Mr. Seery? 49 A No. Well, look, I didn't tell Mr. Seery. I don't know what 40 MR, MORRIS: Objection to the form 41 Mr. Donderoid divinit tell — 10 didn't tell Mr. Seery. I don't know what 42 Q. Okay. And where those presentations 43 or yell to be question. 44 Q. Okay. And where the eated party notes? 45 Que the question. 46 Que you recollection, say 47 fire question. 48 MR, MORRIS: Objection to the form 49 of the question. 40 Questio	8 when that was?		8 mean, Jim – Jim would ask for, you know,	
10 Q. Okay. And did the process of trying 11 to figure out what the numbers should be 12 context. 13 Q. Okay. And does that refresh your 14 Highland assets? 15 MR. MORRIS: Objection to the form 16 of the question. 17 A. Yes. 18 Q. Okay. And did there come a time 19 when you were proposing some potential numbers 20 and Mr. Dondero said something to you like, 21 well, why are you including payment for the 22 related party notes, those, you know, were 23 likely to be forgiven as part of my deferred 23 likely to be forgiven as part of my deferred 24 executive compensation? 25 MR. MORRIS: Objection to the form 26 the question. 27 A. Yes, 28 proposals that took into account Jim's comment 28 likely to be forgiven as part of my deferred 29 related party notes, those, you know, were 20 related party notes, those, you know, were 21 for the question. 22 wexcutive compensation? 23 likely to be forgiven as part of my deferred 24 say and for like compensation? 25 MR. MORRIS: Objection to the form 26 water the compensation? 27 and the question. 28 WATERHOUSE-10-19-21 29 of the question. 29 worknew of the practice of giving forglyable 30 and X Yes, we — the team and myself put 41 (together; you know, asset summaries of Highland 51 at various times for all the assets of 52 do R.M. MORRIS: Objection to the form 53 likely to be forgiven as turnmaries of Highland 54 various times for all the assets of 65 do Q. Can you — can you tell me what you 77 recall about that practice? 86 MR. MORRIS: Objection to the form 97 for question. 98 MR. MORRIS: Objection to the form 98 of the question. 19 A. Yes, so there were — there were— 10 didn't tell Mr. Seery, I don't know what 11 Mr. Dondero did with the information. 11 didn't tell Mr. Seery, I don't know what 12 or or you recollection, asy 13 and I did not have conversations with 14 Mr. Seery. 15 Q. Okay. And where the ladin't 16 revealed to — to Mr. Seery? 17 MR. MORRIS: Objection to the form 18 or of the question. 19 A. Ves, you also mentioned earlier 19 Green the properties occurred, were	9 A. Like mid – mid 2020, sometime in	!	9 most – most recent asset values, you know, for	
12 to figure out what the numbers should be 13 involve looking at what one should pay for the 13 involve looking at what one should pay for the 14 Highland assests? 15 MR. MORRIS: Objection to the form 15 2020 rather than 2021? 16 of the question. 17 of the question. 18 Q. Okay. And did there come a time 18 Q. Okay. And did there come a time 19 when you were proposing some potential numbers 20 and Mr. Dondero said something to you like, 20 2020. 21 well, why are you including payment for the 21 elated party notes, those, you know, were 22 related party notes, those, you know, were 23 likely to be forgiven as part of my deferred 24 executive compensation? 25 MR. MORRIS: Objection to the form 26 MR. MORRIS: Objection to the form 27 WATERHOUSE - 10-19-21 29 of the question. 20 A Yes, we — the team and myself put 21 doepther, you know, asset summanes of Highland 23 at various times for all the assets of 31 WATERHOUSE - 10-19-21 4 together, you know, asset summanes of Highland 4 together, you know, asset summanes of Highland 5 at various times for all the assets of 5 of the question. 6 Q. Can you — can you tell me what you 7 Q. Okay. And were those presentations 8 communicated to — to Mr. Seery? 9 A. No. Well, look, I didn't tell—1 9 of thirt question. 14 Mr. Seery. 1 don't know what 15 Q. Okay. Do you know who saw the 16 presentations that you put together that didn't 16 presentations that you put together that didn't 17 include the value of the related party notes? 18 A. We're talking presentations — these 19 are — these are Excel spreadsheets? 19 A. No Well, brow, I didn't know who— these were given 10 Q. Okay. You also mentioned earlier 11 A. Horn the mafter that. 12 Q. Okay. You also mentioned earlier 13 A. Orthun the mafter that. 14 Q. Okay. You also mentioned earlier 15 Q. Okay. You also mentioned earlier 16 the question. 17 of the question. 18 A. We're talking presentations — these 18 of the question. 19 are—these are Excel spreadsheets? 19 A. Whe're talking presentations — these 20 Q. Uh-huh. 21 A. Hon't kn	10 2020, mid 2020.	1	Highland, and – and myself and the team	
13 Incolve looking at what one should pay for the 14 Highland assels? 14 Highland assels? 15 MR MORRIS: Objection to the form 15 2020 rather than 2021? 16 of the question. 16 MR MORRIS: Objection to the form 17 of the question. 17 A Yes. 17 of the question. 18 A The – the executive 18 When you were proposing some potential numbers 19 compensation discussions were definitely in 20 and Mr. Dondero said something to you like, 20 2020. 19 when you were proposing some potential numbers 19 compensation discussions were definitely in 20 and Mr. Dondero said something to you like, 20 2020. 19 well, why are you including payment for the 21 Q. Okay, Now, did you ever make 22 proposals that took into account, Jim's comment 24 wexcutive compensation? 24 as part of his compensation? 25 MR MORRIS: Objection to the form 26 MR MORRIS: Objection to the form 27 Q. Okay, Now, and you ever make 29 proposals that took into account, Jim's comment 29 proposals that took into account, Jim's comment 29 that the notes were likely to end up forgiven 29 as part of my deferred 23 that the notes were likely to end up forgiven 29 that the notes were likely to end up forgiven 29 as part of his compensation? 25 MR MORRIS: Objection to the form 25 MR MORRIS: Objection to the form 26 MR MORRIS: Objection to the form 27 Q. Vas, we—the learn and myself put 29 you knew of the practice of giving forgivable 29 together, you know, asset summariaes of Highland 21 you knew of the practice of giving forgivable 31 cars to executives. 31 Cars to executives. 32 Jan 20 J	11 Q. Okay. And did the process of trying	1	1 provided those to him, so it was in that	
Highland assets?	12 to figure out what the numbers should be	1	2 context.	
15 ORR MORRIS: Objection to the form 15	13 involve looking at what one should pay for the	1	3 Q. Okay. And does that refresh your	
16 of the question. 17 A. Yes. 2 Okay. And did there come a time 18 A. The – the – the executive 19 when you were proposing some potential numbers 19 when you were proposing some potential numbers 19 ompersation discussions were definitely in 20 and Mr. Dondero said something to you like, 21 well, why are you including payment for the 22 related party notes, those, you know, were 23 likely to be forgiven as part of my deferred 24 executive compensation? 25 MR. MORRIS: Objection to the form 26 MR. MORRIS: Objection to the form 27 MR. MORRIS: Objection to the form 28 MR. MORRIS: Objection to the form 29 of the question. 20 of the question. 21 WATERHOUSE - 10-19-21 22 of the question. 23 Isaan to executives. 24 together, you know, asset summaries of Highland 25 at various times for all the assets of 26 Highland, and not including the notes. 27 Q. Okay. And were those presentations 28 communicated to – to Mr. Seery? 39 A. No. Well, look, I didn't tell – I 30 didn't tell Mr. Seery. I don't know what 31 A. I did not have conversations with 32 A. Yes, sery. 33 A. Yes, we – the reare and more of the presentations with 34 Mr. MORRIS: Objection to the form 35 Okay. And were those presentations 36 ommunicated to – to Mr. Seery? 39 A. No. Well, look, I didn't tell – I 40 didn't tell Mr. Seery. I don't know what 41 O. A. Yes, so there were – there were – there were – there were loans 42 Q. Okay. Do you know who saw the 43 A. Wer'e talking presentations with 44 Mr. Seery. 45 Q. Okay. Do you know who saw the 46 presentations that you put together that didn't 47 include the value of the related party notes? 48 A. Were talking presentations — these 49 are – these are Excel spreadsheets? 40 Q. Okay. You also mentioned earlier 41 Q. Okay. And when the loans were 41 Q. Okay. And when the loans were 42 of the question. 43 A. I don't know who – these were given 44 Q. Okay. You also mentioned earlier 45 Q. Okay. You also mentioned earlier 46 don't know who – these were given 47 Q. Okay. You also mentioned earlier	14 Highland assets?	1	4 recollection that these communications were in	
17 of the question. 18 Q. Okay. And did there come a time 19 when you were proposing some potential numbers 20 and Mr. Dondero said something to you like, 21 well, why are you including payment for the 22 related party notes, those, you know, were 23 likely to be forgiven as part of my deferred 23 likely to be forgiven as part of my deferred 24 executive compensation? 25 MR. MORRIS: Objection to the form 26 WATERHOUSE - 10-19-21 27 of the question. 28 A. Yes, we – the team and myself put 29 together, you know, asset summaries of Highland 30 at A. Yes, we – the team and myself put 40 together, you know, asset summaries of Highland 51 at various times for all the assets of 62 Highland, and not including the notes. 63 communicated to – to Mr. Seery? 64 A. No. Well, look, I didn't tell – I 65 didn't tell "Seery. I don't know what 66 P. O. Okay. 67 D. Okay. 68 D. Okay. 69 A. No. Well, look, I didn't tell – I 69 O. Okay. 70 Q. Okay. 71 O. Okay. Oxy o	15 MR. MORRIS: Objection to the form	1	5 2020 rather than 2021?	
18 Q. Okay. And did there come a time 19 when you were proposing some potential numbers 20 and Mr. Dondero said something to you like, 21 well, why are you including payment for the 22 related party notes, those, you know, were 23 likely to be forgiven as part of my deferred 24 executive compensation? 25 MR. MORRIS: Objection to the form 26 WATERHOUSE - 10-19-21 27 of the question. 28 A. Yes, we – the team and myself put 29 to dighter, you know, asset summaries of Highland 20 at value the thing at the value of the rotes were likely to end up forgiven 21 as part of his compensation? 22 of the question. 23 likely to be forgiven as part of my deferred 24 as part of his compensation? 25 MR. MORRIS: Objection to the form 26 MR. MORRIS: Objection to the form 27 WATERHOUSE - 10-19-21 28 of the question. 39 A. Yes, we – the team and myself put 40 together, you know, asset summaries of Highland 41 together, you know, asset summaries of Highland 42 at various times for all the assets of 43 together, you know, asset summaries of Highland 44 MR. MORRIS: Objection to the form 45 of the question. 46 Highland, and not including the notes. 47 Q. Okay. And were those presentations 48 communicated to – to Mr. Seery? 49 A. No Well, took, I didn't tell — 1 40 didn't tell Mr. Seery. I don't know what 40 A. Yes, so there were – there were – the question. 41 didn't tell Mr. Seery. I don't know whosaw the 41 didn't tell Mr. Seery. I don't know whosaw the 42 Q. Okay. And when the loans were 43 A. I did not have conversations with 44 Mr. Seery. 45 Q. Okay. And when the loans were 46 presentations that you put together that didn't 46 presentations that you put together that didn't 47 include the value of the related party notes? 48 A. We're talking presentations—these 49 are – these are Excel spreadsheets? 40 Q. Okay. You also mentioned earlier 41 Q. Yes. 42 A. Not that I recall 43 done with them after that. 44 Q. Okay. You also mentioned earlier	16 of the question.	1	6 MR. MORRIS: Objection to the form	
19 when you were proposing some potential numbers 20 and Mr. Dondero said something to you like, 21 well, why are you including payment for the 22 related party notes, those, you know, were 23 likely to be forgiven as part of my deferred 24 executive compensation? 25 MR. MORRIS: Objection to the form 26 MR. MORRIS: Objection to the form 27 A Yes, we – the team and myself put 28 to gother, you know, asset summaries of Highland 29 at various times for all the assets of 29 A No. Well, look, I didn't tell — 1 20 didn't tell Mr. Seery. I don't know what 21 Mr. Seery. I don't know who saw the 22 proposals that took into account Jim's comment 23 that the notes were likely to end up forgiven 24 as part of his compensation? 25 MR. MORRIS: Objection to the form 26 MR. MORRIS: Objection to the form 27 Page 369 28 MR. MORRIS: Objection to the form 29 Jou knew of the practice of giving forgivable 30 loans to executives. 4 MR. MORRIS: Objection to the form 4 MR. MORRIS: Objection to the form 5 of the question. 6 Q. Can you – can you tell me what you 7 recall about that practice? 8 ORTHORIS: Objection to the form 9 A No. Well, look, I didn't tell — 1 10 didn't tell Mr. Seery, I don't know what 11 during my terure at Highland, there were – 11 Mr. Dondero did with the information. 11 during my terure at Highland, there were leans 12 Q. Okay. Do you know who saw the 15 given, did the notes, to your recollection, say 16 presentations that you put together that didn't 17 include the value of the related party notes? 18 A. We're talking presentations—these 19 are—these are Excel spreadsheets? 19 A. Work now who—these were given 20 Q. Okay. You also mentioned earlier 21 Q. Okay. You also mentioned earlier 22 Q. Okay. You also mentioned earlier 23 done with them after that. 24 Q. Okay. You also mentioned earlier	17 A. Yes.	1	7 of the question.	
20 and Mr. Dondero said something to you like, 21 well, why are you including payment for the 22 related party notes, those, you know, were 23 likely to be forgiven as part of my deferred 24 executive compensation? 25 MR. MORRIS. Objection to the form 26 WATERHOUSE - 10-19-21 27 of the question. 28 A. Yes, we — the team and myself put 29 to go whow, asset summaries of Highland 30 A. Yes, we — the team and myself put 31 loans to executives. 32 do who were the seems seed of the question. 33 A. Yes, we — the team and myself put 44 together, you know, asset summaries of Highland 55 at various times for all the assets of 5 of the question. 56 Highland, and not including the notes. 57 Q. Okay. And were those presentations 58 communicated to — to Mr. Seery? 59 A. No. Well, look, I didn't tell — I 1 of didn't tell Mr. Seery. I don't know what 50 Q. Okay. 51 A. I did not have conversations with 52 Q. Okay. 53 A. I did not have conversations with 54 Mr. Seery. 55 MR. MORRIS: Objection to the form 56 The question. 57 Q. Okay. 58 A. No. Well, look, I didn't tell — I 1 of the question. 59 A. No. Well, look, I didn't tell — I 1 of the question. 50 Conversation to the form 51 A. I did not have conversations with 55 Q. Okay. 59 A. I did not have conversations with 50 Q. Okay. Do you know who saw the 51 Q. Okay. Do you know who saw the 52 Q. Okay. Do you know who saw the 53 given to employees that were later 54 Q. Okay. Do you know who saw the 55 given, did the notes, to your recollection, say 56 presentations that you put together that didn't 16 anything about the potential forgiveness term? 59 A. We're talking presentations — these 50 are these are Excel spreadsheets? 51 Q. Uh-huh. 52 Q. Okay. You also mentioned earlier 53 done with them after that. 54 Q. Okay. You also mentioned earlier 55 Q. Okay. You also mentioned earlier 56 Q. Okay. You also mentioned earlier	18 Q. Okay. And did there come a time	1	8 A. The – the – the executive	
21 well, why are you including payment for the 22 retalad party notes, those, you know, were 23 likely to be forgiven as part of my deferred 24 executive compensation? 25 MR. MORRIS: Objection to the form 26 WATERHOUSE - 10-19-21 27 of the question. 28 A. Yes, we – the team and myself put 29 together, you know, asset summaries of Highland 29 together, you know, asset summaries of Highland 20 together, you know, asset summaries of Highland 21 MR. MORRIS: Objection to the form 22 you knew of the practice of giving forgivable 23 to A. Yes, we – the team and myself put 24 together, you know, asset summaries of Highland 25 at various times for all the assets of 26 Lightland, and not including the notes. 27 Q. Okay. And were those presentations 28 communicated to – to Mr. Seery? 39 A. No. Well, look, I didn't tell — 1 30 didn't tell Mr. Seery. I don't know what 40 Mr. Seery. I don't know what 41 Mr. Dondero did with the information. 42 Q. Okay. 43 A. I did not have conversations with 44 Mr. Seery. 45 Q. Okay. Do you know who saw the 46 presentations that you put together that didn't 47 include the value of the related party notes? 48 are those are Excel spreadsheets? 49 A. When you say "did the notes," did 40 the promissory notes detail the forgiveness? 40 Q. Uh-huh. 41 Lord't know who – these were given 42 Q. Okay. You also mentioned earlier 43 done with them affer that 44 D. Okay. You also mentioned earlier 45 done with them affer that 46 to trigger the forgiveness cocurred, were the	19 when you were proposing some potential numbers	1	9 compensation discussions were definitely in	
related party notes, those, you know, were likely to be forgiven as part of my deferred executive compensation? MR. MORRIS: Objection to the form Page 368 MR. MORRIS: Objection to the form Page 368 MR. MORRIS: Objection to the form Page 368 WATERHOUSE - 10-19-21 of the question. A Yes, we – the tearn and myself put together, you know, asset summariaes of Highland at various times for all the assets of Highland, and not including the notes. Q. Okay. And were those presentations communicated to – to Mr. Seeny? A No. Well, look, I didn't tell – I didn't tell Mr. Seery. I don't know what Mr. Dondero did with the information. Mr. Morris: Objection to the form of the question. A Yes, so there were – there were – 1 Mr. Dondero did with the information. Mr. Seery. A I did not have conversations with Mr. Seery. A Cokay. Do you know who saw the presentations that you put together that didn't include the value of the related party notes? A We're talking presentations – these are – these are Excel spreadsheets? Q. Okay. You also mentioned earlier 22 proposals that took into a conversition in the form proposals that took into a conversition to the form 24 as part of his compensation? MR. MORRIS: Objection to the form of the question. Q. Can you – can you tell me what you 7 recall about that practice? 8 MR. MORRIS: Objection to the form of the question. 10 A. Yes, so there were – there were – 11 Mr. Dondero did with the information. 11 during my tenure at Highland, there were loans or – given to employees that were later 13 Forgiven at a future date and time. 14 Q. Okay. And when the loans were 15 given, did the notes, to your recollection, say are – these are Excel spreadsheets? 17 MR. MORRIS: Objection to the form of the question. 18 A. We're talking presentations – these 18 of the question. 29 Q. Uh-huh. 20 Uh-huh. 20 A. When you say "did the notes," did the promissory notes detail the forgiveness? 21 Q. Yes. 22 A. Not that I recall. 23 Q. And until such time as w	20 and Mr. Dondero said something to you like,	2	20 2020.	
23 that the notes were likely to end up forgiven as part of my deferred executive compensation? 25 mR. MORRIS: Objection to the form 25 MR. MORRIS: Objection to the form 25 MR. MORRIS: Objection to the form 26 MR. MORRIS: Objection to the form 27 Objection to the form 28 MR. MORRIS: Objection to the form 28 Objection to the form 29 Objection to the form 30 Objection to the form 31 MR. MORRIS: Objection to the form 32 Objection to the form 33 Objection to the form 34 Various times for all the assets of 5 Objection to the form 34 Various times for all the assets of 5 Objection to the form 34 Various times for all the assets of 5 Objection to the form 34 Various times for all the assets of 5 Objection to the form 34 Various times for all the assets of 5 Objection to the form 34 Various times for all the assets of 5 Objection to the form 35 Objection to the form 36 Objection to the form 37 Objection to the form 38 Objection to the form 39 Objection to the form 39 Objection to the form 39 Objection to the form 30 Objection to the form	21 well, why are you including payment for the	2	21 Q. Okay. Now, did you ever make	
24 as part of his compensation? 25 MR. MORRIS: Objection to the form 26 MR. MORRIS: Objection to the form 27 MR. MORRIS: Objection to the form 28 MR. MORRIS: Objection to the form 29 MR. MORRIS: Objection to the form 3 A. Yes, we – the tearn and myself put 10 loans to executives. 4 together, you know, asset summaries of Highland 24 MR. MORRIS: Objection to the form 5 at various times for all the assets of 25 of the question. 6 Highland, and not including the notes. 7 Q. Okay. And were those presentations 27 recall about that practice? 8 communicated to – to Mr. Seery? 8 MR. MORRIS: Objection to the form 9 A. No. Well, look, I didn't tell – I 9 of the question. 10 didn't tell Mr. Seery. I don't know what 10 A. Yes, so there were – there were – there were – there were later 10 didn't the information. 11 during my tenure at Highland, there were later 11 Mr. Seery. 12 Q. Okay. 13 A. I did not have conversations with 13 forgiven at a future date and time. 14 Mr. Seery. 15 Q. Okay. Do you know who saw the 15 given, did the notes, to your recollection, say 17 include the value of the related party notes? 17 MR. MORRIS: Objection to the form 18 A. We're talking presentations – these 18 of the question. 19 are – these are Excel spreadsheets? 19 A. When you say "did the notes," did 20 V. Yes. 20 Uh-huh. 20 Uh-huh. 21 Q. Okay. And unit under the as whatever was 24 Q. Okay. You also mentioned earlier 24 to trigger the forgiveness occurred, were the	22 related party notes, those, you know, were	2	22 proposals that took into account Jim's comment	
25 MR. MORRIS: Objection to the form WATERHOUSE - 10-19-21 Page 368	23 likely to be forgiven as part of my deferred	2	23 that the notes were likely to end up forgiven	
1 WATERHOUSE - 10-19-21 2 of the question. 2 you knew of the practice of giving forgivable 3 loans to executives. 3 loans to executives. 4 together, you know, asset summaries of Highland 4 MR. MORRIS: Objection to the form 5 at various times for all the assets of 6 Highland, and not including the notes. 6 Q. Can you – can you tell me what you 7 recall about that practice? 8 communicated to – to Mr. Seery? 8 MR. MORRIS: Objection to the form 9 of the question. 9 of the question to didn't tell Mr. Seery. I don't know what 10 A. Yes, so there were – there were – 11 Mr. Dondero did with the information. 11 during my tenure at Highland, there were loans 12 Q. Okay. And when the loans were 15 Q. Okay. Do you know who saw the 15 given, did the notes, to your recollection, say 16 presentations that you put together that didn't 16 anything about the potential forgiveness term? 17 include the value of the related party notes? 18 A. We're talking presentations – these are Excel spreadsheets? 19 A. When you say "did the notes," did 20 Q. Uh-huh. 20 the promissory notes detail the forgiveness? 21 Q. Yes. 30 And until such time as whatever was 24 Q. Okay. You also mentioned earlier 24 to trigger the forgiveness occurred, were the	24 executive compensation?	2	24 as part of his compensation?	
1 WATERHOUSE - 10-19-21 2 of the question. 3 A. Yes, we — the team and myself put 4 together, you know, asset summaries of Highland 5 at various times for all the assets of 6 Highland, and not including the notes. 7 Q. Okay. And were those presentations 8 communicated to — to Mr. Seery? 8 MR. MORRIS: Objection to the form 9 A. No. Well, look, I didn't tell — I 10 didn't tell Mr. Seery. I don't know what 11 during my tenure at Highland, there were loans 12 Q. Okay. 13 A. I did not have conversations with 14 Mr. Seery. 15 Q. Okay. Do you know who saw the 16 presentations that you put together that didn't 17 include the value of the related party notes? 18 A. We're talking presentations — these are Excel spreadsheets? 19 A. I don't know who — these were given 20 Q. Okay. You also mentioned earlier 21 Q. Okay. You also mentioned earlier 22 Q. Okay. You also mentioned earlier 23 Q. Okay. You also mentioned earlier 24 to trigger the forgiveness coccurred, were the	25 MR. MORRIS: Objection to the form	2	MR. MORRIS: Objection to the form	
2 you knew of the practice of giving forgivable 3 A. Yes, we – the team and myself put 4 together, you know, asset summaries of Highland 5 at various times for all the assets of 6 Highland, and not including the notes. 6 Q. Can you – can you tell me what you 7 Q. Okay. And were those presentations 8 communicated to – to Mr. Seery? 8 MR. MORRIS: Objection to the form 9 A. No. Well, look, I didn't tell – I 9 of the question. 10 didn't tell Mr. Seery. I don't know what 10 A. Yes, so there were – there were – 11 Mr. Dondero did with the information. 11 during my tenure at Highland, there were loans 12 Q. Okay. 13 A. I did not have conversations with 14 Mr. Seery. 15 Q. Okay. Do you know who saw the 15 given, did the notes, to your recollection, say 16 presentations that you put together that didn't 17 include the value of the related party notes? 18 A. We're talking presentations – these 19 are – these are Excel spreadsheets? 19 A. When you say "did the notes," did 20 Q. Uh-huh. 20 Chay. You also mentioned earlier 21 Q. Okay. You also mentioned earlier 22 A. No trigger the forgiveness occurred, were the		Page 368		Page 369
3 loans to executives. 4 together, you know, asset summaries of Highland 5 at various times for all the assets of 6 Highland, and not including the notes. 7 Q. Okay. And were those presentations 8 communicated to – to Mr. Seery? 9 A. No. Well, look, I didn't tell — I 10 didn't tell Mr. Seery. I don't know what 11 during my tenure at Highland, there were loans 12 Q. Okay. 13 A. I did not have conversations with 14 Mr. Seery. 15 Q. Okay. Do you know who saw the 16 presentations that you put together that didn't 17 include the value of the related party notes? 18 of the question. 19 are – these are Excel spreadsheets? 20 Q. Uh-huh. 21 Q. Okay. You also mentioned earlier 21 Q. Okay. You also mentioned earlier 22 Q. Okay. You also mentioned earlier 23 done with them after that. 24 Q. Okay. You also mentioned earlier 24 Mr. Donderos did with the information. 25 Joans of the question. 26 Q. Can you – can you tell me what you 27 recall about that practice? 28 MR. MORRIS: Objection to the form 39 of the question. 40 Q. Can you – can you tell me what you 40 Q. Can you – can you tell me what you 41 MR. MORRIS: Objection to the form 41 during my tenure at Highland, there were lease 41 during my tenure at Highland, there were – there were later 41 during my tenure at Highland, there were loans 42 Q. Okay. And when the loans were 43 forgiven at a future date and time. 44 Q. Okay. And when the loans were 45 given, did the notes, to your recollection, say 46 anything about the potential forgiveness term? 47 MR. MORRIS: Objection to the form 48 A. We're talking presentations – these 49 A. When you say "did the notes," did 40 Q. Uh-huh. 40 Q. Okay. And while the notes, "did 41 Mr. Morrison have be detail the forgiveness? 41 Q. Yes. 42 A. Not that I recall. 43 Q. Okay. You also mentioned earlier				
4 together, you know, asset summaries of Highland 5 at various times for all the assets of 6 Highland, and not including the notes. 7 Q. Okay. And were those presentations 8 communicated to – to Mr. Seery? 8 MR. MORRIS: Objection to the form 9 A. No. Well, look, I didn't tell – I 10 didn't tell Mr. Seery. I don't know what 11 during my tenure at Highland, there were loans 12 Q. Okay. Do you know who saw the 13 A. I did not have conversations with 14 Mr. Seery. 15 Q. Okay. Do you know who saw the 16 presentations that you put together that didn't 17 include the value of the related party notes? 18 A. We're talking presentations – these 19 are – these are Excel spreadsheets? 19 A. I don't know who – these were given 20 C. Okay. You also mentioned earlier 21 A. I don't know what 22 A. Okay. You also mentioned earlier 23 Q. Okay. You also mentioned earlier 24 to trigger the forgiveness occurred, were the	1	:		
5 at various times for all the assets of 6 Highland, and not including the notes. 7 Q. Okay. And were those presentations 8 communicated to – to Mr. Seery? 9 A. No. Well, look, I didn't tell — I 10 didn't tell Mr. Seery. I don't know what 11 during my tenure at Highland, there were loans 12 Q. Okay. 13 A. I did not have conversations with 14 Mr. Seery. 15 Q. Okay. Do you know who saw the 16 presentations that you put together that didn't 17 include the value of the related party notes? 18 A. We're talking presentations – these 19 are – these are Excel spreadsheets? 19 A. Vhen you asy "did the notes," did 20 Q. Uh-huh. 21 Q. Okay. You also mentioned earlier 22 Q. Okay. You also mentioned earlier 23 Q. Okay. You also mentioned earlier 24 to trigger the forgiveness occurred, were the	1	;		
6 Highland, and not including the notes. 7 Q. Okay. And were those presentations 8 communicated to – to Mr. Seery? 8 MR. MORRIS: Objection to the form 9 A. No. Well, look, I didn't tell – I 10 didn't tell Mr. Seery. I don't know what 11 Mr. Dondero did with the information. 12 Q. Okay. 13 A. I did not have conversations with 14 Mr. Seery. 15 Q. Okay. Do you know who saw the 16 presentations that you put together that didn't 17 include the value of the related party notes? 18 A. We're talking presentations – these 19 are – these are Excel spreadsheets? 20 Q. Uh-huh. 21 A. I don't know who – these were given 22 Q. Okay. You also mentioned earlier 24 to trigger the forgiveness occurred, were the				
7	5 at various times for all the assets of		5 of the guestion	
8 communicated to – to Mr. Seery? 9 A. No. Well, look, I didn't tell – I 10 didn't tell Mr. Seery. I don't know what 11 A. Yes, so there were – there were – 11 Mr. Dondero did with the information. 12 Q. Okay. 13 A. I did not have conversations with 14 Mr. Seery. 15 Q. Okay. Do you know who saw the 15 given, did the notes, to your recollection, say 16 presentations that you put together that didn't 17 include the value of the related party notes? 18 A. We're talking presentations – these 19 are – these are Excel spreadsheets? 19 A. When you say "did the notes," did 20 Q. Uh-huh. 20 Uh-huh. 21 Q. Yes. 22 to – to Jim Dondero. I don't know what was 23 done with them after that. 24 Q. Okay. You also mentioned earlier 24 to trigger the forgiveness occurred, were the		'	•	
9 A. No. Well, look, I didn't tell — I 10 didn't tell Mr. Seery. I don't know what 11 Mr. Dondero did with the information. 12 Q. Okay. 13 A. I did not have conversations with 14 Mr. Seery. 15 Q. Okay. Do you know who saw the 16 presentations that you put together that didn't 17 include the value of the related party notes? 18 A. We're talking presentations – these 19 are – these are Excel spreadsheets? 20 Q. Uh-huh. 21 Q. Yes. 22 to – to Jim Dondero. I don't know what was 24 Q. Okay. You also mentioned earlier 20 of the question. 21 during my tenure at Highland, there were loans 22 or – given to employees that were later 25 or – given to employees that were later 26 during my tenure at Highland, there were loans 27 or – given to employees that were later 28 done with them after that. 29 A. Not that I recall. 20 A. Not that I recall. 20 A. And unitl such time as whatever was 21 to trigger the forgiveness occurred, were the	6 Highland, and not including the notes.		6 Q. Can you – can you tell me what you	
10 didn't tell Mr. Seery. I don't know what 11 Mr. Dondero did with the information. 12 Q. Okay. 13 A. I did not have conversations with 14 Mr. Seery. 15 Q. Okay. Do you know who saw the 16 presentations that you put together that didn't 17 include the value of the related party notes? 18 A. We're talking presentations – these 19 are – these are Excel spreadsheets? 20 Q. Uh-huh. 21 Q. Yes. 22 done with them after that. 22 Q. Okay. You also mentioned earlier 21 during my tenure at Highland, there were – 21 during my tenure at Highland, there were – 21 during my tenure at Highland, there were – 21 during my tenure at Highland, there were – 21 during my tenure at Highland, there were – 22 or – given to employees that were later 23 of the question at a future date and time. 24 during my tenure at Highland, there were – 25 during my tenure at Highland, there were loans 26 or – given to employees that were later 27 or – given to employees that were later 28 during my tenure at Highland, there were loans 29 or – given to employees that were later 29 during my tenure at Highland, there were loans 20 or – given to employees that were later 21 during my tenure at Highland, there were loans 21 during my tenure at Highland, there were loans 21 during my tenure at Highland, there were later 29 of exp. To employees that were later 20 Okay. And when the loans were 20 Nokay. And when the loans were 21 during my tenure at Highland, there were later 22 during my tenure at Highland, there were later 23 during my tenure at Highland, there were later 24 to trigger the forgiveness occurred, were the	6 Highland, and not including the notes.		6 Q. Can you – can you tell me what you 7 recall about that practice?	
11 Mr. Dondero did with the information. 12 Q. Okay. 13 A. I did not have conversations with 14 Mr. Seery. 15 Q. Okay. Do you know who saw the 16 presentations that you put together that didn't 17 include the value of the related party notes? 18 A. We're talking presentations – these 19 are – these are Excel spreadsheets? 10 Q. Uh-huh. 20 Uh-huh. 21 Q. Yes. 22 A. Not that I recall. 23 Q. Okay. You also mentioned earlier 10 during my tenure at Highland, there were loans 11 during my tenure at Highland, there were loans 12 or – given to employees that were later 13 forgiven at a future date and time. 14 Q. Okay. And when the loans were 15 given, did the notes, to your recollection, say 16 anything about the potential forgiveness term? 17 MR. MORRIS: Objection to the form 18 A. We're talking presentations – these 18 of the question. 19 A. When you say "did the notes," did 20 Yes. 21 Q. Yes. 22 A. Not that I recall. 23 Q. And until such time as whatever was 24 to trigger the forgiveness occurred, were the	6 Highland, and not including the notes. 7 Q. Okay. And were those presentations		6 Q. Can you – can you tell me what you 7 recall about that practice?	
12	6 Highland, and not including the notes. 7 Q. Okay. And were those presentations 8 communicated to – to Mr. Seery?		 Q. Can you – can you tell me what you 7 recall about that practice? 8 MR. MORRIS: Objection to the form 9 of the question. 	
A. I did not have conversations with 13 forgiven at a future date and time. 14 Mr. Seery. 15 Q. Okay. Do you know who saw the 15 given, did the notes, to your recollection, say 16 presentations that you put together that didn't 17 include the value of the related party notes? 18 A. We're talking presentations – these 19 are – these are Excel spreadsheets? 19 A. When you say "did the notes," did 20 Q. Uh-huh. 20 the promissory notes detail the forgiveness? 21 A. I don't know who – these were given 22 to – to Jim Dondero. I don't know what was 23 done with them after that. 24 Q. Okay. You also mentioned earlier 13 forgiven at a future date and time. 14 Q. Okay. And when the loans were 24 to trigger the forgiveness exercile.	6 Highland, and not including the notes. 7 Q. Okay. And were those presentations 8 communicated to – to Mr. Seery? 9 A. No. Well, look, I didn't tell – I 10 didn't tell Mr. Seery. I don't know what		 Q. Can you – can you tell me what you 7 recall about that practice? 8 MR. MORRIS: Objection to the form 9 of the question. 	
14 Mr. Seery. 15 Q. Okay. Do you know who saw the 15 given, did the notes, to your recollection, say 16 presentations that you put together that didn't 17 include the value of the related party notes? 18 A. We're talking presentations – these 19 are – these are Excel spreadsheets? 19 A. When you say "did the notes," did 20 Q. Uh-huh. 20 the promissory notes detail the forgiveness? 21 A. I don't know who – these were given 22 to – to Jim Dondero. I don't know what was 23 done with them after that. 24 Q. Okay. And when the loans were 25 given, did the notes, to your recollection, say 26 anything about the potential forgiveness term? 27 MR. MORRIS: Objection to the form 28 of the question. 29 A. When you say "did the notes," did 20 the promissory notes detail the forgiveness? 20 Q. Yes. 21 Q. Yes. 22 A. Not that I recall. 23 Q. And until such time as whatever was 24 to trigger the forgiveness occurred, were the	6 Highland, and not including the notes. 7 Q. Okay. And were those presentations 8 communicated to – to Mr. Seery? 9 A. No. Well, look, I didn't tell – I 10 didn't tell Mr. Seery. I don't know what	1	Q. Can you – can you tell me what you recall about that practice? MR. MORRIS: Objection to the form of the question. A. Yes, so there were – there were – during my tenure at Highland, there were loans	
15 Q. Okay. Do you know who saw the 15 given, did the notes, to your recollection, say 16 presentations that you put together that didn't 17 include the value of the related party notes? 18 A. We're talking presentations – these 19 are – these are Excel spreadsheets? 19 A. When you say "did the notes," did 20 Q. Uh-huh. 20 the promissory notes detail the forgiveness? 21 A. I don't know who – these were given 22 to – to Jim Dondero. I don't know what was 23 done with them after that. 24 Q. Okay. You also mentioned earlier 25 given, did the notes, to your recollection, say anything about the potential forgiveness term? MR. MORRIS: Objection to the form of the question. 18 of the question. 20 the promissory notes detail the forgiveness? 21 Q. Yes. 22 A. Not that I recall. 23 Q. And until such time as whatever was 24 to trigger the forgiveness occurred, were the	6 Highland, and not including the notes. 7 Q. Okay. And were those presentations 8 communicated to – to Mr. Seery? 9 A. No. Well, look, I didn't tell – I 10 didn't tell Mr. Seery. I don't know what 11 Mr. Dondero did with the information. 12 Q. Okay.	1	Q. Can you – can you tell me what you recall about that practice? MR. MORRIS: Objection to the form of the question. A. Yes, so there were – there were – during my tenure at Highland, there were loans or – given to employees that were later	
16 presentations that you put together that didn't 17 include the value of the related party notes? 18 A. We're talking presentations – these 19 are – these are Excel spreadsheets? 19 A. When you say "did the notes," did 20 Q. Uh-huh. 20 the promissory notes detail the forgiveness? 21 A. I don't know who – these were given 22 to – to Jim Dondero. I don't know what was 23 done with them after that. 24 Q. Okay. You also mentioned earlier 26 anything about the potential forgiveness term? MR. MORRIS: Objection to the form of the question. 28 done the promissory notes detail the forgiveness? 29 A. Not that I recall. 29 Q. And until such time as whatever was 29 Q. Okay. You also mentioned earlier	6 Highland, and not including the notes. 7 Q. Okay. And were those presentations 8 communicated to – to Mr. Seery? 9 A. No. Well, look, I didn't tell – I 10 didn't tell Mr. Seery. I don't know what 11 Mr. Dondero did with the information. 12 Q. Okay. 13 A. I did not have conversations with	1 1 1	Q. Can you – can you tell me what you recall about that practice? MR. MORRIS: Objection to the form of the question. A. Yes, so there were – there were – during my tenure at Highland, there were loans or – given to employees that were later forgiven at a future date and time.	
17 include the value of the related party notes? 18 A. We're talking presentations – these 18 of the question. 19 are – these are Excel spreadsheets? 19 A. When you say "did the notes," did 20 Q. Uh-huh. 20 the promissory notes detail the forgiveness? 21 A. I don't know who – these were given 22 to – to Jim Dondero. I don't know what was 23 done with them after that. 23 Q. Okay. You also mentioned earlier 26 MR. MORRIS: Objection to the form 27 MR. MORRIS: Objection to the form 28 of the question. 29 A. When you say "did the notes," did 20 the promissory notes detail the forgiveness? 20 A. Not that I recall. 21 Q. And until such time as whatever was 22 A. Not trigger the forgiveness occurred, were the	6 Highland, and not including the notes. 7 Q. Okay. And were those presentations 8 communicated to – to Mr. Seery? 9 A. No. Well, look, I didn't tell – I 10 didn't tell Mr. Seery. I don't know what 11 Mr. Dondero did with the information. 12 Q. Okay. 13 A. I did not have conversations with 14 Mr. Seery.	1 1 1	Q. Can you – can you tell me what you recall about that practice? MR. MORRIS: Objection to the form of the question. A. Yes, so there were – there were – during my tenure at Highland, there were loans or – given to employees that were later forgiven at a future date and time. Q. Okay. And when the loans were	
18 A. We're talking presentations – these 19 are – these are Excel spreadsheets? 19 A. When you say "did the notes," did 20 Q. Uh-huh. 20 the promissory notes detail the forgiveness? 21 A. I don't know who – these were given 22 to – to Jim Dondero. I don't know what was 23 done with them after that. 24 Q. Okay. You also mentioned earlier 25 done with them after that. 26 of the question. 27 don't equestion. 28 done with the promissory notes detail the forgiveness? 29 A. Not that I recall. 20 And until such time as whatever was 21 D. And until such time as whatever was 22 to to trigger the forgiveness occurred, were the	6 Highland, and not including the notes. 7 Q. Okay. And were those presentations 8 communicated to – to Mr. Seery? 9 A. No. Well, look, I didn't tell – I 10 didn't tell Mr. Seery. I don't know what 11 Mr. Dondero did with the information. 12 Q. Okay. 13 A. I did not have conversations with 14 Mr. Seery. 15 Q. Okay. Do you know who saw the	1 1 1 1 1	Q. Can you – can you tell me what you recall about that practice? MR. MORRIS: Objection to the form of the question. A. Yes, so there were – there were – during my tenure at Highland, there were loans or – given to employees that were later forgiven at a future date and time. Q. Okay. And when the loans were given, did the notes, to your recollection, say	
19 are – these are Excel spreadsheets? 19 A. When you say "did the notes," did 20 Q. Uh-huh. 20 the promissory notes detail the forgiveness? 21 A. I don't know who – these were given 22 to – to Jim Dondero. I don't know what was 23 done with them after that. 24 Q. Okay. You also mentioned earlier 25 A. When you say "did the notes," did 26 the promissory notes detail the forgiveness? 27 A. Not that I recall. 28 Q. And until such time as whatever was 29 A. Not that I recall. 29 Ves. 20 Color to Jim Dondero. I don't know what was 20 Dong the promissory notes detail the forgiveness? 20 Test. 21 Dong the promissory notes detail the forgiveness? 22 Dong the promissory notes detail the forgiveness? 23 Dong the promissory notes detail the forgiveness? 24 Test. 25 Dong the promissory notes detail the forgiveness? 26 Dong the promissory notes detail the forgiveness? 27 Dong the promissory notes detail the forgiveness? 28 Dong the promissory notes detail the forgiveness? 29 Dong the promissory notes detail the forgiveness? 20 Dong the promissory notes detail the forgiveness? 21 Dong the promissory notes detail the forgiveness? 22 Dong the promissory notes detail the forgiveness? 23 Dong the promissory notes detail the forgiveness? 24 Dong the promissory notes detail the forgiveness? 25 Dong the promissory notes detail the forgiveness? 26 Dong the promissory notes detail the forgiveness? 27 Dong the promissory notes detail the forgiveness? 28 Dong the promissory notes detail the forgiveness? 29 Dong the promissory notes detail the forgiveness?	6 Highland, and not including the notes. 7 Q. Okay. And were those presentations 8 communicated to – to Mr. Seery? 9 A. No. Well, look, I didn't tell – I 10 didn't tell Mr. Seery. I don't know what 11 Mr. Dondero did with the information. 12 Q. Okay. 13 A. I did not have conversations with 14 Mr. Seery. 15 Q. Okay. Do you know who saw the 16 presentations that you put together that didn't	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Q. Can you – can you tell me what you recall about that practice? MR. MORRIS: Objection to the form of the question. A. Yes, so there were – there were – during my tenure at Highland, there were loans or – given to employees that were later forgiven at a future date and time. Q. Okay. And when the loans were given, did the notes, to your recollection, say anything about the potential forgiveness term?	
20 Q. Uh-huh. 20 the promissory notes detail the forgiveness? 21 A. I don't know who – these were given 22 to – to Jim Dondero. I don't know what was 23 done with them after that. 24 Q. Okay. You also mentioned earlier 25 the promissory notes detail the forgiveness? 26 Q. Yes. 27 A. Not that I recall. 28 Q. And until such time as whatever was 29 the promissory notes detail the forgiveness? 20 the promissory notes detail the forgiveness? 21 Q. Yes. 22 A. Not that I recall. 23 Q. And until such time as whatever was 24 to trigger the forgiveness occurred, were the	6 Highland, and not including the notes. 7 Q. Okay. And were those presentations 8 communicated to – to Mr. Seery? 9 A. No. Well, look, I didn't tell – I 10 didn't tell Mr. Seery. I don't know what 11 Mr. Dondero did with the information. 12 Q. Okay. 13 A. I did not have conversations with 14 Mr. Seery. 15 Q. Okay. Do you know who saw the 16 presentations that you put together that didn't 17 include the value of the related party notes?	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Q. Can you – can you tell me what you recall about that practice? MR. MORRIS: Objection to the form of the question. A. Yes, so there were – there were – during my tenure at Highland, there were loans or – given to employees that were later forgiven at a future date and time. Q. Okay. And when the loans were given, did the notes, to your recollection, say anything about the potential forgiveness term?	
21 A. I don't know who – these were given 22 to – to Jim Dondero. I don't know what was 23 done with them after that. 24 Q. Okay. You also mentioned earlier 25 A. Not that I recall. 26 Q. And until such time as whatever was 27 A. Not that I recall. 28 Q. And until such time as whatever was 29 A. To trigger the forgiveness occurred, were the	6 Highland, and not including the notes. 7 Q. Okay. And were those presentations 8 communicated to – to Mr. Seery? 9 A. No. Well, look, I didn't tell – I 10 didn't tell Mr. Seery. I don't know what 11 Mr. Dondero did with the information. 12 Q. Okay. 13 A. I did not have conversations with 14 Mr. Seery. 15 Q. Okay. Do you know who saw the 16 presentations that you put together that didn't 17 include the value of the related party notes? 18 A. We're talking presentations – these	1 1 1 1 1 1 1	Q. Can you – can you tell me what you recall about that practice? MR. MORRIS: Objection to the form of the question. A. Yes, so there were – there were – during my tenure at Highland, there were loans or – given to employees that were later forgiven at a future date and time. Q. Okay. And when the loans were given, did the notes, to your recollection, say anything about the potential forgiveness term? MR. MORRIS: Objection to the form of the question.	
 22 to - to Jim Dondero. I don't know what was 23 done with them after that. 24 Q. Okay. You also mentioned earlier 25 A. Not that I recall. 26 Q. And until such time as whatever was 27 Volume to trigger the forgiveness occurred, were the 	6 Highland, and not including the notes. 7 Q. Okay. And were those presentations 8 communicated to – to Mr. Seery? 9 A. No. Well, look, I didn't tell – I 10 didn't tell Mr. Seery. I don't know what 11 Mr. Dondero did with the information. 12 Q. Okay. 13 A. I did not have conversations with 14 Mr. Seery. 15 Q. Okay. Do you know who saw the 16 presentations that you put together that didn't 17 include the value of the related party notes? 18 A. We're talking presentations – these 19 are – these are Excel spreadsheets?	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Q. Can you – can you tell me what you recall about that practice? MR. MORRIS: Objection to the form of the question. A. Yes, so there were – there were – during my tenure at Highland, there were loans or – given to employees that were later forgiven at a future date and time. Q. Okay. And when the loans were given, did the notes, to your recollection, say anything about the potential forgiveness term? MR. MORRIS: Objection to the form of the question.	
23 done with them after that. 23 Q. And until such time as whatever was 24 Q. Okay. You also mentioned earlier 23 Q. And until such time as whatever was 24 to trigger the forgiveness occurred, were the	6 Highland, and not including the notes. 7 Q. Okay. And were those presentations 8 communicated to – to Mr. Seery? 9 A. No. Well, look, I didn't tell – I 10 didn't tell Mr. Seery. I don't know what 11 Mr. Dondero did with the information. 12 Q. Okay. 13 A. I did not have conversations with 14 Mr. Seery. 15 Q. Okay. Do you know who saw the 16 presentations that you put together that didn't 17 include the value of the related party notes? 18 A. We're talking presentations – these 19 are – these are Excel spreadsheets?	1 1 1 1 1 1 1 1	Q. Can you – can you tell me what you recall about that practice? MR. MORRIS: Objection to the form of the question. A. Yes, so there were – there were – during my tenure at Highland, there were loans or – given to employees that were later forgiven at a future date and time. Q. Okay. And when the loans were given, did the notes, to your recollection, say anything about the potential forgiveness term? MR. MORRIS: Objection to the form of the question. A. When you say "did the notes," did	
Q. Okay. You also mentioned earlier 24 to trigger the forgiveness occurred, were the	6 Highland, and not including the notes. 7 Q. Okay. And were those presentations 8 communicated to – to Mr. Seery? 9 A. No. Well, look, I didn't tell – I 10 didn't tell Mr. Seery. I don't know what 11 Mr. Dondero did with the information. 12 Q. Okay. 13 A. I did not have conversations with 14 Mr. Seery. 15 Q. Okay. Do you know who saw the 16 presentations that you put together that didn't 17 include the value of the related party notes? 18 A. We're talking presentations – these 19 are – these are Excel spreadsheets? 20 Q. Uh-huh.	1 1 1 1 1 1 1 1 1 1 2	Q. Can you – can you tell me what you recall about that practice? MR. MORRIS: Objection to the form of the question. A. Yes, so there were – there were – during my tenure at Highland, there were loans or – given to employees that were later forgiven at a future date and time. Q. Okay. And when the loans were given, did the notes, to your recollection, say anything about the potential forgiveness term? MR. MORRIS: Objection to the form of the question. A. When you say "did the notes," did the promissory notes detail the forgiveness?	
·	6 Highland, and not including the notes. 7 Q. Okay. And were those presentations 8 communicated to – to Mr. Seery? 9 A. No. Well, look, I didn't tell – I 10 didn't tell Mr. Seery. I don't know what 11 Mr. Dondero did with the information. 12 Q. Okay. 13 A. I did not have conversations with 14 Mr. Seery. 15 Q. Okay. Do you know who saw the 16 presentations that you put together that didn't 17 include the value of the related party notes? 18 A. We're talking presentations – these 19 are – these are Excel spreadsheets? 20 Q. Uh-huh. 21 A. I don't know who – these were given 22 to – to Jim Dondero. I don't know what was	1 1 1 1 1 1 1 1 1 2 2	Q. Can you – can you tell me what you recall about that practice? MR. MORRIS: Objection to the form of the question. A. Yes, so there were – there were – during my tenure at Highland, there were loans or – given to employees that were later forgiven at a future date and time. Q. Okay. And when the loans were given, did the notes, to your recollection, say anything about the potential forgiveness term? MR. MORRIS: Objection to the form of the question. A. When you say "did the notes," did the promissory notes detail the forgiveness? Q. Yes. A. Not that I recall.	
25 that sometime during your tenure at Highland 25 notes bona fide notes as far as you were	6 Highland, and not including the notes. 7 Q. Okay. And were those presentations 8 communicated to – to Mr. Seery? 9 A. No. Well, look, I didn't tell – I 10 didn't tell Mr. Seery. I don't know what 11 Mr. Dondero did with the information. 12 Q. Okay. 13 A. I did not have conversations with 14 Mr. Seery. 15 Q. Okay. Do you know who saw the 16 presentations that you put together that didn't 17 include the value of the related party notes? 18 A. We're talking presentations – these 19 are – these are Excel spreadsheets? 20 Q. Uh-huh. 21 A. I don't know who – these were given 22 to – to Jim Dondero. I don't know what was	1 1 1 1 1 1 1 1 1 2 2 2	Q. Can you – can you tell me what you recall about that practice? MR. MORRIS: Objection to the form of the question. A. Yes, so there were – there were – during my tenure at Highland, there were loans or – given to employees that were later forgiven at a future date and time. Q. Okay. And when the loans were given, did the notes, to your recollection, say anything about the potential forgiveness term? MR. MORRIS: Objection to the form of the question. A. When you say "did the notes," did the promissory notes detail the forgiveness? Q. Yes. A. Not that I recall. Q. And until such time as whatever was	
	6 Highland, and not including the notes. 7 Q. Okay. And were those presentations 8 communicated to – to Mr. Seery? 9 A. No. Well, look, I didn't tell – I 10 didn't tell Mr. Seery. I don't know what 11 Mr. Dondero did with the information. 12 Q. Okay. 13 A. I did not have conversations with 14 Mr. Seery. 15 Q. Okay. Do you know who saw the 16 presentations that you put together that didn't 17 include the value of the related party notes? 18 A. We're talking presentations – these 19 are – these are Excel spreadsheets? 20 Q. Uh-huh. 21 A. I don't know who – these were given 22 to – to Jim Dondero. I don't know what was 23 done with them after that. 24 Q. Okay. You also mentioned earlier	1 1 1 1 1 1 1 1 1 2 2 2 2 2	Q. Can you – can you tell me what you recall about that practice? MR. MORRIS: Objection to the form of the question. A. Yes, so there were – there were – during my tenure at Highland, there were loans or – given to employees that were later forgiven at a future date and time. Q. Okay. And when the loans were given, did the notes, to your recollection, say anything about the potential forgiveness term? MR. MORRIS: Objection to the form of the question. A. When you say "did the notes," did the promissory notes detail the forgiveness? Q. Yes. A. Not that I recall. Q. And until such time as whatever was to trigger the forgiveness occurred, were the	

1	Page 370 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 371
2	concerned?	2	of the question.	
3	MR. MORRIS: Objection to the form	3	A. Yes. I mean, yes, that – there	
4	of the question.	4	are. And that is – yes.	
5	A. Yes, similar to – yes.	5	Q. Okay. And is it typical accounting	
6	Q. Okay. You were going to say similar	6	practice that until there is some certainty	
7	to what?	7	about those potential future events, that asset	
8	A. Mr. Morris earlier today showed	8	value listed on – on the books doesn't take	
9	notes of the financial statements about various	9	into account those potential future events?	
10	affiliate loans. I – I – I do recall these	10	MR. MORRIS: Objection to the form	
11	notes because I – at that time personally	11	of the question.	
12	worked on the – the financial statements of	12	A. Yeah, if those – yes. If – if	
13	Highland. That was, you know, in my role as a	13	those future events, you know, at the time of	
14	corporate accountant.	14	issuance are not known or knowable, like I	
15	And there were – those loans	15	discussed earlier with, like, market practice,	
16	were – to the partners were detailed in the	16	asset dislocation, or, you know, I mean, things	
17	notes to the financial statements, similar to	17	like that, you – I mean, it – it could affect	
18	what we went through earlier today in the prior	18	its fair value –	
19	testimony about what we saw with Highland	19	Q. Okay.	
20	and – and – and the – and HCMFA.	20	A. – in the future.	
21	Q. Is it fair to say that on Highland's	21	Q. And am I correct you wouldn't feel	
22	balance sheet there were any number of assets	22	compelled to footnote in every possible change	
23	that the value of which could be affected by	23	in – in an asset when those possibilities are	
24	subsequent events?	24	still remote?	
25	MR. MORRIS: Objection to the form	25	MR. MORRIS: Objection to the form	
_0	With Mora de. Objection to the form		With World We. Objection to the form	
		_		
1	Page 372 WATERHOUSE - 10-10-21	1	WATERHOUSE - 10-19-21	Page 373
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 373
2	WATERHOUSE - 10-19-21 of the question.	2	have been better prepared for this deposition	Page 373
2 3	WATERHOUSE - 10-19-21 of the question. A. The accounting standard is you have	2	have been better prepared for this deposition if the debtor had complied with those requests?	Page 373
2 3 4	WATERHOUSE - 10-19-21 of the question. A. The accounting standard is you have to estimate to the best – you know, to – to	2 3 4	have been better prepared for this deposition if the debtor had complied with those requests? MR. MORRIS: Objection to the form	Page 373
2 3 4 5	WATERHOUSE - 10-19-21 of the question. A. The accounting standard is you have to estimate to the best – you know, to – to the best of your ability, the fair value of an	2 3 4 5	have been better prepared for this deposition if the debtor had complied with those requests? MR. MORRIS: Objection to the form of the question.	Page 373
2 3 4	WATERHOUSE - 10-19-21 of the question. A. The accounting standard is you have to estimate to the best – you know, to – to the best of your ability, the fair value of an asset as of the balance sheet date under –	2 3 4 5 6	have been better prepared for this deposition if the debtor had complied with those requests? MR. MORRIS: Objection to the form of the question. A. I-I-I most certainly – yes.	Page 373
2 3 4 5 6 7	WATERHOUSE - 10-19-21 of the question. A. The accounting standard is you have to estimate to the best – you know, to – to the best of your ability, the fair value of an asset as of the balance sheet date under – under GAAP.	2 3 4 5 6 7	have been better prepared for this deposition if the debtor had complied with those requests? MR. MORRIS: Objection to the form of the question. A. I-I-I most certainly – yes. I mean, again, these are multiple years,	Page 373
2 3 4 5 6 7 8	WATERHOUSE - 10-19-21 of the question. A. The accounting standard is you have to estimate to the best – you know, to – to the best of your ability, the fair value of an asset as of the balance sheet date under – under GAAP. Q. Did – strike that.	2 3 4 5 6 7 8	have been better prepared for this deposition if the debtor had complied with those requests? MR. MORRIS: Objection to the form of the question. A. I-I-I most certainly – yes. I mean, again, these are multiple years, multiple years ago, lots and lots of	Page 373
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 of the question. A. The accounting standard is you have to estimate to the best – you know, to – to the best of your ability, the fair value of an asset as of the balance sheet date under – under GAAP. Q. Did – strike that. Okay. Give me a minute. I'm	2 3 4 5 6 7 8 9	have been better prepared for this deposition if the debtor had complied with those requests? MR. MORRIS: Objection to the form of the question. A. I-I-I most certainly – yes. I mean, again, these are multiple years, multiple years ago, lots and lots of transactions.	Page 373
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 of the question. A. The accounting standard is you have to estimate to the best – you know, to – to the best of your ability, the fair value of an asset as of the balance sheet date under – under GAAP. Q. Did – strike that. Okay. Give me a minute. I'm close – I'm close to done. Let me just go off	2 3 4 5 6 7 8 9	have been better prepared for this deposition if the debtor had complied with those requests? MR. MORRIS: Objection to the form of the question. A. I-I-I most certainly – yes. I mean, again, these are multiple years, multiple years ago, lots and lots of transactions. You know, we asked about NAV errors	Page 373
2 3 4 5 6 7 8 9 10	WATERHOUSE - 10-19-21 of the question. A. The accounting standard is you have to estimate to the best – you know, to – to the best of your ability, the fair value of an asset as of the balance sheet date under – under GAAP. Q. Did – strike that. Okay. Give me a minute. I'm close – I'm close to done. Let me just go off and look at my notes for a second. So take two	2 3 4 5 6 7 8 9 10	have been better prepared for this deposition if the debtor had complied with those requests? MR. MORRIS: Objection to the form of the question. A. I-I-I most certainly – yes. I mean, again, these are multiple years, multiple years ago, lots and lots of transactions. You know, we asked about NAV errors and, you know, things like that and these	Page 373
2 3 4 5 6 7 8 9 10 11 12	WATERHOUSE - 10-19-21 of the question. A. The accounting standard is you have to estimate to the best – you know, to – to the best of your ability, the fair value of an asset as of the balance sheet date under – under GAAP. Q. Did – strike that. Okay. Give me a minute. I'm close – I'm close to done. Let me just go off and look at my notes for a second. So take two minutes.	2 3 4 5 6 7 8 9 10 11 12	have been better prepared for this deposition if the debtor had complied with those requests? MR. MORRIS: Objection to the form of the question. A. I-I-I most certainly – yes. I mean, again, these are multiple years, multiple years ago, lots and lots of transactions. You know, we asked about NAV errors and, you know, things like that and these are – it would make this process a lot more –	Page 373
2 3 4 5 6 7 8 9 10 11 12 13	WATERHOUSE - 10-19-21 of the question. A. The accounting standard is you have to estimate to the best – you know, to – to the best of your ability, the fair value of an asset as of the balance sheet date under – under GAAP. Q. Did – strike that. Okay. Give me a minute. I'm close – I'm close to done. Let me just go off and look at my notes for a second. So take two minutes. VIDEOGRAPHER: We're going off the	2 3 4 5 6 7 8 9 10 11 12 13	have been better prepared for this deposition if the debtor had complied with those requests? MR. MORRIS: Objection to the form of the question. A. I-I-I most certainly – yes. I mean, again, these are multiple years, multiple years ago, lots and lots of transactions. You know, we asked about NAV errors and, you know, things like that and these are – it would make this process a lot more – a lot easier and if we had – if we had access	Page 373
2 3 4 5 6 7 8 9 10 11 12 13 14	WATERHOUSE - 10-19-21 of the question. A. The accounting standard is you have to estimate to the best – you know, to – to the best of your ability, the fair value of an asset as of the balance sheet date under – under GAAP. Q. Did – strike that. Okay. Give me a minute. I'm close – I'm close to done. Let me just go off and look at my notes for a second. So take two minutes. VIDEOGRAPHER: We're going off the record at 7:02 p.m.	2 3 4 5 6 7 8 9 10 11 12 13 14	have been better prepared for this deposition if the debtor had complied with those requests? MR. MORRIS: Objection to the form of the question. A. I-I-I most certainly – yes. I mean, again, these are multiple years, multiple years ago, lots and lots of transactions. You know, we asked about NAV errors and, you know, things like that and these are – it would make this process a lot more – a lot easier and if we had – if we had access to that.	Page 373
2 3 4 5 6 7 8 9 10 11 12 13 14 15	WATERHOUSE - 10-19-21 of the question. A. The accounting standard is you have to estimate to the best – you know, to – to the best of your ability, the fair value of an asset as of the balance sheet date under – under GAAP. Q. Did – strike that. Okay. Give me a minute. I'm close – I'm close to done. Let me just go off and look at my notes for a second. So take two minutes. VIDEOGRAPHER: We're going off the record at 7:02 p.m. (Recess taken 7:02 p.m. to 7:03 p.m.)	2 3 4 5 6 7 8 9 10 11 12 13 14 15	have been better prepared for this deposition if the debtor had complied with those requests? MR. MORRIS: Objection to the form of the question. A. I-I-I most certainly – yes. I mean, again, these are multiple years, multiple years ago, lots and lots of transactions. You know, we asked about NAV errors and, you know, things like that and these are – it would make this process a lot more – a lot easier and if we had – if we had access to that. Q. Okay. And has the debtor – is the	Page 373
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	WATERHOUSE - 10-19-21 of the question. A. The accounting standard is you have to estimate to the best – you know, to – to the best of your ability, the fair value of an asset as of the balance sheet date under – under GAAP. Q. Did – strike that. Okay. Give me a minute. I'm close – I'm close to done. Let me just go off and look at my notes for a second. So take two minutes. VIDEOGRAPHER: We're going off the record at 7:02 p.m. (Recess taken 7:02 p.m. to 7:03 p.m.) VIDEOGRAPHER: We are back on the	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	have been better prepared for this deposition if the debtor had complied with those requests? MR. MORRIS: Objection to the form of the question. A. I-I-I most certainly – yes. I mean, again, these are multiple years, multiple years ago, lots and lots of transactions. You know, we asked about NAV errors and, you know, things like that and these are – it would make this process a lot more – a lot easier and if we had – if we had access to that. Q. Okay. And has the debtor – is the debtor suing you right now?	Page 373
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	WATERHOUSE - 10-19-21 of the question. A. The accounting standard is you have to estimate to the best – you know, to – to the best of your ability, the fair value of an asset as of the balance sheet date under – under GAAP. Q. Did – strike that. Okay. Give me a minute. I'm close – I'm close to done. Let me just go off and look at my notes for a second. So take two minutes. VIDEOGRAPHER: We're going off the record at 7:02 p.m. (Recess taken 7:02 p.m. to 7:03 p.m.) VIDEOGRAPHER: We are back on the record at 7:03 p.m.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	have been better prepared for this deposition if the debtor had complied with those requests? MR. MORRIS: Objection to the form of the question. A. I-I-I most certainly – yes. I mean, again, these are multiple years, multiple years ago, lots and lots of transactions. You know, we asked about NAV errors and, you know, things like that and these are – it would make this process a lot more – a lot easier and if we had – if we had access to that. Q. Okay. And has the debtor – is the debtor suing you right now? A. Yes.	Page 373
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	waterhouse - 10-19-21 of the question. A. The accounting standard is you have to estimate to the best – you know, to – to the best of your ability, the fair value of an asset as of the balance sheet date under – under GAAP. Q. Did – strike that. Okay. Give me a minute. I'm close – I'm close to done. Let me just go off and look at my notes for a second. So take two minutes. VIDEOGRAPHER: We're going off the record at 7:02 p.m. (Recess taken 7:02 p.m. to 7:03 p.m.) VIDEOGRAPHER: We are back on the record at 7:03 p.m. Q. Mr. Waterhouse, is it generally your	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	have been better prepared for this deposition if the debtor had complied with those requests? MR. MORRIS: Objection to the form of the question. A. I – I – I most certainly – yes. I mean, again, these are multiple years, multiple years ago, lots and lots of transactions. You know, we asked about NAV errors and, you know, things like that and these are – it would make this process a lot more – a lot easier and if we had – if we had access to that. Q. Okay. And has the debtor – is the debtor suing you right now? A. Yes. Q. And is the debtor trying to renege	Page 373
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	waterhouse - 10-19-21 of the question. A. The accounting standard is you have to estimate to the best – you know, to – to the best of your ability, the fair value of an asset as of the balance sheet date under – under GAAP. Q. Did – strike that. Okay. Give me a minute. I'm close – I'm close to done. Let me just go off and look at my notes for a second. So take two minutes. VIDEOGRAPHER: We're going off the record at 7:02 p.m. (Recess taken 7:02 p.m. to 7:03 p.m.) VIDEOGRAPHER: We are back on the record at 7:03 p.m. Q. Mr. Waterhouse, is it generally your understanding that people you work with now	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	have been better prepared for this deposition if the debtor had complied with those requests? MR. MORRIS: Objection to the form of the question. A. I-I-I most certainly – yes. I mean, again, these are multiple years, multiple years ago, lots and lots of transactions. You know, we asked about NAV errors and, you know, things like that and these are – it would make this process a lot more – a lot easier and if we had – if we had access to that. Q. Okay. And has the debtor – is the debtor suing you right now? A. Yes. Q. And is the debtor trying to renege on deals that it had previously made with you?	Page 373
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	of the question. A. The accounting standard is you have to estimate to the best – you know, to – to the best of your ability, the fair value of an asset as of the balance sheet date under – under GAAP. Q. Did – strike that. Okay. Give me a minute. I'm close – I'm close to done. Let me just go off and look at my notes for a second. So take two minutes. VIDEOGRAPHER: We're going off the record at 7:02 p.m. to 7:03 p.m.) VIDEOGRAPHER: We are back on the record at 7:03 p.m. Q. Mr. Waterhouse, is it generally your understanding that people you work with now have been asking the debtor for full and	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	have been better prepared for this deposition if the debtor had complied with those requests? MR. MORRIS: Objection to the form of the question. A. I-I-I most certainly – yes. I mean, again, these are multiple years, multiple years ago, lots and lots of transactions. You know, we asked about NAV errors and, you know, things like that and these are – it would make this process a lot more – a lot easier and if we had – if we had access to that. Q. Okay. And has the debtor – is the debtor suing you right now? A. Yes. Q. And is the debtor trying to renege on deals that it had previously made with you? MR. MORRIS: Objection to the form	Page 373
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	of the question. A. The accounting standard is you have to estimate to the best – you know, to – to the best of your ability, the fair value of an asset as of the balance sheet date under – under GAAP. Q. Did – strike that. Okay. Give me a minute. I'm close – I'm close to done. Let me just go off and look at my notes for a second. So take two minutes. VIDEOGRAPHER: We're going off the record at 7:02 p.m. (Recess taken 7:02 p.m. to 7:03 p.m.) VIDEOGRAPHER: We are back on the record at 7:03 p.m. Q. Mr. Waterhouse, is it generally your understanding that people you work with now have been asking the debtor for full and unfetterred access to their own former files?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	have been better prepared for this deposition if the debtor had complied with those requests? MR. MORRIS: Objection to the form of the question. A. I—I—I most certainly—yes. I mean, again, these are multiple years, multiple years ago, lots and lots of transactions. You know, we asked about NAV errors and, you know, things like that and these are—it would make this process a lot more—a lot easier and if we had—if we had access to that. Q. Okay. And has the debtor—is the debtor suing you right now? A. Yes. Q. And is the debtor trying to renege on deals that it had previously made with you? MR. MORRIS: Objection to the form of the question.	Page 373
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	of the question. A. The accounting standard is you have to estimate to the best – you know, to – to the best of your ability, the fair value of an asset as of the balance sheet date under – under GAAP. Q. Did – strike that. Okay. Give me a minute. I'm close – I'm close to done. Let me just go off and look at my notes for a second. So take two minutes. VIDEOGRAPHER: We're going off the record at 7:02 p.m. (Recess taken 7:02 p.m. to 7:03 p.m.) VIDEOGRAPHER: We are back on the record at 7:03 p.m. Q. Mr. Waterhouse, is it generally your understanding that people you work with now have been asking the debtor for full and unfetterred access to their own former files? MR. MORRIS: Objection to the form	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	have been better prepared for this deposition if the debtor had complied with those requests? MR. MORRIS: Objection to the form of the question. A. I – I – I most certainly – yes. I mean, again, these are multiple years, multiple years ago, lots and lots of transactions. You know, we asked about NAV errors and, you know, things like that and these are – it would make this process a lot more – a lot easier and if we had – if we had access to that. Q. Okay. And has the debtor – is the debtor suing you right now? A. Yes. Q. And is the debtor trying to renege on deals that it had previously made with you? MR. MORRIS: Objection to the form of the question. A. Sorry, I need to – it is my	Page 373
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	of the question. A. The accounting standard is you have to estimate to the best – you know, to – to the best of your ability, the fair value of an asset as of the balance sheet date under – under GAAP. Q. Did – strike that. Okay. Give me a minute. I'm close – I'm close to done. Let me just go off and look at my notes for a second. So take two minutes. VIDEOGRAPHER: We're going off the record at 7:02 p.m. (Recess taken 7:02 p.m. to 7:03 p.m.) VIDEOGRAPHER: We are back on the record at 7:03 p.m. Q. Mr. Waterhouse, is it generally your understanding that people you work with now have been asking the debtor for full and unfetterred access to their own former files? MR. MORRIS: Objection to the form of the question.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	have been better prepared for this deposition if the debtor had complied with those requests? MR. MORRIS: Objection to the form of the question. A. I-I-I most certainly – yes. I mean, again, these are multiple years, multiple years ago, lots and lots of transactions. You know, we asked about NAV errors and, you know, things like that and these are – it would make this process a lot more – a lot easier and if we had – if we had access to that. Q. Okay. And has the debtor – is the debtor suing you right now? A. Yes. Q. And is the debtor trying to renege on deals that it had previously made with you? MR. MORRIS: Objection to the form of the question. A. Sorry, I need to – it is my understanding that the litigation trust is	Page 373
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	of the question. A. The accounting standard is you have to estimate to the best – you know, to – to the best of your ability, the fair value of an asset as of the balance sheet date under – under GAAP. Q. Did – strike that. Okay. Give me a minute. I'm close – I'm close to done. Let me just go off and look at my notes for a second. So take two minutes. VIDEOGRAPHER: We're going off the record at 7:02 p.m. (Recess taken 7:02 p.m. to 7:03 p.m.) VIDEOGRAPHER: We are back on the record at 7:03 p.m. Q. Mr. Waterhouse, is it generally your understanding that people you work with now have been asking the debtor for full and unfetterred access to their own former files? MR. MORRIS: Objection to the form	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	have been better prepared for this deposition if the debtor had complied with those requests? MR. MORRIS: Objection to the form of the question. A. I – I – I most certainly – yes. I mean, again, these are multiple years, multiple years ago, lots and lots of transactions. You know, we asked about NAV errors and, you know, things like that and these are – it would make this process a lot more – a lot easier and if we had – if we had access to that. Q. Okay. And has the debtor – is the debtor suing you right now? A. Yes. Q. And is the debtor trying to renege on deals that it had previously made with you? MR. MORRIS: Objection to the form of the question. A. Sorry, I need to – it is my	Page 373

	D 07/			
1	Page 374 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 375
2	Is that - I don't know the	2	is that correct?	
3	relationship. So, again, I'm not the lawyers.	3	MR. MORRIS: Objection to the form	
4	I've said many times. But my understanding is	4	of the question.	
5	the litigation trust is suing me. I could be	5	A. I want to be – yes, I – there	
6	wrong there. I don't know.	6	is – I'm being sued, again, on – on something	
7	Q. Okay. I understand.	7	that was agreed to with Mr. Seery and myself.	
8	Someone with some connection to the	8	I don't I don't I don't own that claim.	
9	Highland debtor has brought a claim against	9	Q. Okay.	
10	you; is that fair?	10	A. To be transparent, I don't own that	
11	MR. MORRIS: Objection to the form	11	claim. So it is not my personal property.	
12	of the question.	12	Q. Okay.	
13	A. Yes.	13	A. And – and being the nonlawyer, I	
14	Q. Okay. And is there also some motion	14	don't know how I can get sued for something	
15	practice in the bankruptcy where the debtor or	15	that I don't owe or, like, I don't own	
16	someone associated with the debtor is	16	anything. I'm not the lawyer. But, I mean, if	
17	attempting to undo something that was	17	that is – if I'm understanding the facts	
18	previously resolved with you?	18	correctly.	
19	A. Yes.	19	Q. Okay. And the lawsuit that was	
20	Q. And so in one action somebody is	20	filed that names you, that was just filed	
21	associated with the debtors trying to –	21	this – this past week; is that right?	
22	threatening you with trying to take money from	22	MS. DANDENEAU: Ms. Deitsch-Perez, I	
23	you, and then in the other – and trying to –	23	do want to interrupt at this point because	
24	and in the other they are threatening not to	24	just as I told Mr. Morris, that this is a	
25	pay you things that had previously been agreed;	25	deposition about the noticed litigation.	
L			deposition about the housed hagation.	
1	Page 376 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 377
1 2	WATERHOUSE - 10-19-21	1 2	WATERHOUSE - 10-19-21	Page 377
2	WATERHOUSE - 10-19-21 I really don't want to go – go	2	life at Skyview.	Page 377
2 3	WATERHOUSE - 10-19-21 I really don't want to go – go afield –	2	life at Skyview. MS. DEITSCH-PEREZ: Thank you.	Page 377
2 3 4	WATERHOUSE - 10-19-21 I really don't want to go – go afield – MS. DEITSCH-PEREZ: Yeah.	2 3 4	life at Skyview. MS. DEITSCH-PEREZ: Thank you. THE WITNESS: Thank you.	Page 377
2 3 4 5	WATERHOUSE - 10-19-21 I really don't want to go – go afield – MS. DEITSCH-PEREZ: Yeah. MS. DANDENEAU: – and open up a	2 3 4 5	life at Skyview. MS. DEITSCH-PEREZ: Thank you. THE WITNESS: Thank you. FURTHER EXAMINATION	Page 377
2 3 4 5 6	WATERHOUSE - 10-19-21 I really don't want to go – go afield – MS. DEITSCH-PEREZ: Yeah. MS. DANDENEAU: – and open up a whole new line of inquiry about the lawsuit	2 3 4 5 6	life at Skyview. MS. DEITSCH-PEREZ: Thank you. THE WITNESS: Thank you. FURTHER EXAMINATION BY MR. MORRIS:	Page 377
2 3 4 5 6 7	WATERHOUSE - 10-19-21 I really don't want to go – go afield – MS. DEITSCH-PEREZ: Yeah. MS. DANDENEAU: – and open up a whole new line of inquiry about the lawsuit or the – the motion and the bankruptcy	2 3 4 5 6 7	life at Skyview. MS. DEITSCH-PEREZ: Thank you. THE WITNESS: Thank you. FURTHER EXAMINATION BY MR. MORRIS: Q. If I may, I just have a few	Page 377
2 3 4 5 6 7 8	WATERHOUSE - 10-19-21 I really don't want to go – go afield – MS. DEITSCH-PEREZ: Yeah. MS. DANDENEAU: – and open up a whole new line of inquiry about the lawsuit or the – the motion and the bankruptcy court. We will be here all night.	2 3 4 5 6 7 8	life at Skyview. MS. DEITSCH-PEREZ: Thank you. THE WITNESS: Thank you. FURTHER EXAMINATION BY MR. MORRIS: Q. If I may, I just have a few questions.	Page 377
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 I really don't want to go – go afield – MS. DEITSCH-PEREZ: Yeah. MS. DANDENEAU: – and open up a whole new line of inquiry about the lawsuit or the – the motion and the bankruptcy court. We will be here all night. MS. DEITSCH-PEREZ: And I	2 3 4 5 6 7 8 9	life at Skyview. MS. DEITSCH-PEREZ: Thank you. THE WITNESS: Thank you. FURTHER EXAMINATION BY MR. MORRIS: Q. If I may, I just have a few questions. Mr. Waterhouse, we saw a number of	Page 377
2 3 4 5 6 7 8 9 10	WATERHOUSE - 10-19-21 I really don't want to go – go afield – MS. DEITSCH-PEREZ: Yeah. MS. DANDENEAU: – and open up a whole new line of inquiry about the lawsuit or the – the motion and the bankruptcy court. We will be here all night. MS. DEITSCH-PEREZ: And I understand.	2 3 4 5 6 7 8 9	life at Skyview. MS. DEITSCH-PEREZ: Thank you. THE WITNESS: Thank you. FURTHER EXAMINATION BY MR. MORRIS: Q. If I may, I just have a few questions. Mr. Waterhouse, we saw a number of documents that Mr. Rukavina put up on the	Page 377
2 3 4 5 6 7 8 9 10	WATERHOUSE - 10-19-21 I really don't want to go – go afield – MS. DEITSCH-PEREZ: Yeah. MS. DANDENEAU: – and open up a whole new line of inquiry about the lawsuit or the – the motion and the bankruptcy court. We will be here all night. MS. DEITSCH-PEREZ: And I understand. Q. My – my point is: Do you feel	2 3 4 5 6 7 8 9 10	life at Skyview. MS. DEITSCH-PEREZ: Thank you. THE WITNESS: Thank you. FURTHER EXAMINATION BY MR. MORRIS: Q. If I may, I just have a few questions. Mr. Waterhouse, we saw a number of documents that Mr. Rukavina put up on the screen where Ms. Hendrix would send you a	Page 377
2 3 4 5 6 7 8 9 10 11 12	WATERHOUSE - 10-19-21 I really don't want to go – go afield – MS. DEITSCH-PEREZ: Yeah. MS. DANDENEAU: – and open up a whole new line of inquiry about the lawsuit or the – the motion and the bankruptcy court. We will be here all night. MS. DEITSCH-PEREZ: And I understand. Q. My – my point is: Do you feel like – like there is some effort by these	2 3 4 5 6 7 8 9 10 11 12	life at Skyview. MS. DEITSCH-PEREZ: Thank you. THE WITNESS: Thank you. FURTHER EXAMINATION BY MR. MORRIS: Q. If I may, I just have a few questions. Mr. Waterhouse, we saw a number of documents that Mr. Rukavina put up on the screen where Ms. Hendrix would send you a schedule of payments that were due on behalf of	Page 377
2 3 4 5 6 7 8 9 10 11 12 13	WATERHOUSE - 10-19-21 I really don't want to go – go afield – MS. DEITSCH-PEREZ: Yeah. MS. DANDENEAU: – and open up a whole new line of inquiry about the lawsuit or the – the motion and the bankruptcy court. We will be here all night. MS. DEITSCH-PEREZ: And I understand. Q. My – my point is: Do you feel like – like there is some effort by these parties related to the debtor to intimidate	2 3 4 5 6 7 8 9 10 11 12 13	life at Skyview. MS. DEITSCH-PEREZ: Thank you. THE WITNESS: Thank you. FURTHER EXAMINATION BY MR. MORRIS: Q. If I may, I just have a few questions. Mr. Waterhouse, we saw a number of documents that Mr. Rukavina put up on the screen where Ms. Hendrix would send you a schedule of payments that were due on behalf of certain Highland affiliates.	Page 377
2 3 4 5 6 7 8 9 10 11 12 13 14	WATERHOUSE - 10-19-21 I really don't want to go – go afield – MS. DEITSCH-PEREZ: Yeah. MS. DANDENEAU: – and open up a whole new line of inquiry about the lawsuit or the – the motion and the bankruptcy court. We will be here all night. MS. DEITSCH-PEREZ: And I understand. Q. My – my point is: Do you feel like – like there is some effort by these parties related to the debtor to intimidate you – not that you – I'm not saying you are	2 3 4 5 6 7 8 9 10 11 12 13 14	life at Skyview. MS. DEITSCH-PEREZ: Thank you. THE WITNESS: Thank you. FURTHER EXAMINATION BY MR. MORRIS: Q. If I may, I just have a few questions. Mr. Waterhouse, we saw a number of documents that Mr. Rukavina put up on the screen where Ms. Hendrix would send you a schedule of payments that were due on behalf of certain Highland affiliates. Do you remember that?	Page 377
2 3 4 5 6 7 8 9 10 11 12 13 14 15	WATERHOUSE - 10-19-21 I really don't want to go – go afield – MS. DEITSCH-PEREZ: Yeah. MS. DANDENEAU: – and open up a whole new line of inquiry about the lawsuit or the – the motion and the bankruptcy court. We will be here all night. MS. DEITSCH-PEREZ: And I understand. Q. My – my point is: Do you feel like – like there is some effort by these parties related to the debtor to intimidate you – not that you – I'm not saying you are or you aren't.	2 3 4 5 6 7 8 9 10 11 12 13 14 15	life at Skyview. MS. DEITSCH-PEREZ: Thank you. THE WITNESS: Thank you. FURTHER EXAMINATION BY MR. MORRIS: Q. If I may, I just have a few questions. Mr. Waterhouse, we saw a number of documents that Mr. Rukavina put up on the screen where Ms. Hendrix would send you a schedule of payments that were due on behalf of certain Highland affiliates. Do you remember that? A. Yes.	Page 377
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	WATERHOUSE - 10-19-21 I really don't want to go – go afield – MS. DEITSCH-PEREZ: Yeah. MS. DANDENEAU: – and open up a whole new line of inquiry about the lawsuit or the – the motion and the bankruptcy court. We will be here all night. MS. DEITSCH-PEREZ: And I understand. Q. My – my point is: Do you feel like – like there is some effort by these parties related to the debtor to intimidate you – not that you – I'm not saying you are or you aren't. But do you feel like there is some	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	life at Skyview. MS. DEITSCH-PEREZ: Thank you. THE WITNESS: Thank you. FURTHER EXAMINATION BY MR. MORRIS: Q. If I may, I just have a few questions. Mr. Waterhouse, we saw a number of documents that Mr. Rukavina put up on the screen where Ms. Hendrix would send you a schedule of payments that were due on behalf of certain Highland affiliates. Do you remember that? A. Yes. Q. And in each instance she asked for	Page 377
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	WATERHOUSE - 10-19-21 I really don't want to go – go afield – MS. DEITSCH-PEREZ: Yeah. MS. DANDENEAU: – and open up a whole new line of inquiry about the lawsuit or the – the motion and the bankruptcy court. We will be here all night. MS. DEITSCH-PEREZ: And I understand. Q. My – my point is: Do you feel like – like there is some effort by these parties related to the debtor to intimidate you – not that you – I'm not saying you are or you aren't. But do you feel like there is some effort to intimidate you and maybe an effort to	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	life at Skyview. MS. DEITSCH-PEREZ: Thank you. THE WITNESS: Thank you. FURTHER EXAMINATION BY MR. MORRIS: Q. If I may, I just have a few questions. Mr. Waterhouse, we saw a number of documents that Mr. Rukavina put up on the screen where Ms. Hendrix would send you a schedule of payments that were due on behalf of certain Highland affiliates. Do you remember that? A. Yes. Q. And in each instance she asked for your approval to make the payments; is that	Page 377
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	WATERHOUSE - 10-19-21 I really don't want to go – go afield – MS. DEITSCH-PEREZ: Yeah. MS. DANDENEAU: – and open up a whole new line of inquiry about the lawsuit or the – the motion and the bankruptcy court. We will be here all night. MS. DEITSCH-PEREZ: And I understand. Q. My – my point is: Do you feel like – like there is some effort by these parties related to the debtor to intimidate you – not that you – I'm not saying you are or you aren't. But do you feel like there is some effort to intimidate you and maybe an effort to deter you from being as prepared as you might	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	life at Skyview. MS. DEITSCH-PEREZ: Thank you. THE WITNESS: Thank you. FURTHER EXAMINATION BY MR. MORRIS: Q. If I may, I just have a few questions. Mr. Waterhouse, we saw a number of documents that Mr. Rukavina put up on the screen where Ms. Hendrix would send you a schedule of payments that were due on behalf of certain Highland affiliates. Do you remember that? A. Yes. Q. And in each instance she asked for your approval to make the payments; is that right?	Page 377
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	WATERHOUSE - 10-19-21 I really don't want to go – go afield – MS. DEITSCH-PEREZ: Yeah. MS. DANDENEAU: – and open up a whole new line of inquiry about the lawsuit or the – the motion and the bankruptcy court. We will be here all night. MS. DEITSCH-PEREZ: And I understand. Q. My – my point is: Do you feel like – like there is some effort by these parties related to the debtor to intimidate you – not that you – I'm not saying you are or you aren't. But do you feel like there is some effort to intimidate you and maybe an effort to deter you from being as prepared as you might be in this deposition?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	life at Skyview. MS. DEITSCH-PEREZ: Thank you. THE WITNESS: Thank you. FURTHER EXAMINATION BY MR. MORRIS: Q. If I may, I just have a few questions. Mr. Waterhouse, we saw a number of documents that Mr. Rukavina put up on the screen where Ms. Hendrix would send you a schedule of payments that were due on behalf of certain Highland affiliates. Do you remember that? A. Yes. Q. And in each instance she asked for your approval to make the payments; is that right? A. Yes, she did.	Page 377
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	WATERHOUSE - 10-19-21 I really don't want to go – go afield – MS. DEITSCH-PEREZ: Yeah. MS. DANDENEAU: – and open up a whole new line of inquiry about the lawsuit or the – the motion and the bankruptcy court. We will be here all night. MS. DEITSCH-PEREZ: And I understand. Q. My – my point is: Do you feel like – like there is some effort by these parties related to the debtor to intimidate you – not that you – I'm not saying you are or you aren't. But do you feel like there is some effort to intimidate you and maybe an effort to deter you from being as prepared as you might be in this deposition? MR. MORRIS: Objection to the form	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	life at Skyview. MS. DEITSCH-PEREZ: Thank you. THE WITNESS: Thank you. FURTHER EXAMINATION BY MR. MORRIS: Q. If I may, I just have a few questions. Mr. Waterhouse, we saw a number of documents that Mr. Rukavina put up on the screen where Ms. Hendrix would send you a schedule of payments that were due on behalf of certain Highland affiliates. Do you remember that? A. Yes. Q. And in each instance she asked for your approval to make the payments; is that right? A. Yes, she did. Q. And was that the – was that the	Page 377
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	WATERHOUSE - 10-19-21 I really don't want to go – go afield – MS. DEITSCH-PEREZ: Yeah. MS. DANDENEAU: – and open up a whole new line of inquiry about the lawsuit or the – the motion and the bankruptcy court. We will be here all night. MS. DEITSCH-PEREZ: And I understand. Q. My – my point is: Do you feel like – like there is some effort by these parties related to the debtor to intimidate you – not that you – I'm not saying you are or you aren't. But do you feel like there is some effort to intimidate you and maybe an effort to deter you from being as prepared as you might be in this deposition? MR. MORRIS: Objection to the form of the question.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	life at Skyview. MS. DEITSCH-PEREZ: Thank you. THE WITNESS: Thank you. FURTHER EXAMINATION BY MR. MORRIS: Q. If I may, I just have a few questions. Mr. Waterhouse, we saw a number of documents that Mr. Rukavina put up on the screen where Ms. Hendrix would send you a schedule of payments that were due on behalf of certain Highland affiliates. Do you remember that? A. Yes. Q. And in each instance she asked for your approval to make the payments; is that right? A. Yes, she did. Q. And was that the — was that the practice in the second half of 2020 whereby	Page 377
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	WATERHOUSE - 10-19-21 I really don't want to go – go afield – MS. DEITSCH-PEREZ: Yeah. MS. DANDENEAU: – and open up a whole new line of inquiry about the lawsuit or the – the motion and the bankruptcy court. We will be here all night. MS. DEITSCH-PEREZ: And I understand. Q. My – my point is: Do you feel like – like there is some effort by these parties related to the debtor to intimidate you – not that you – I'm not saying you are or you aren't. But do you feel like there is some effort to intimidate you and maybe an effort to deter you from being as prepared as you might be in this deposition? MR. MORRIS: Objection to the form of the question. A. I was – I was surprised by the	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	life at Skyview. MS. DEITSCH-PEREZ: Thank you. THE WITNESS: Thank you. FURTHER EXAMINATION BY MR. MORRIS: Q. If I may, I just have a few questions. Mr. Waterhouse, we saw a number of documents that Mr. Rukavina put up on the screen where Ms. Hendrix would send you a schedule of payments that were due on behalf of certain Highland affiliates. Do you remember that? A. Yes. Q. And in each instance she asked for your approval to make the payments; is that right? A. Yes, she did. Q. And was that the – was that the practice in the second half of 2020 whereby Ms. Hendrix would prepare a list of payments	Page 377
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	WATERHOUSE - 10-19-21 I really don't want to go – go afield – MS. DEITSCH-PEREZ: Yeah. MS. DANDENEAU: – and open up a whole new line of inquiry about the lawsuit or the – the motion and the bankruptcy court. We will be here all night. MS. DEITSCH-PEREZ: And I understand. Q. My – my point is: Do you feel like – like there is some effort by these parties related to the debtor to intimidate you – not that you – I'm not saying you are or you aren't. But do you feel like there is some effort to intimidate you and maybe an effort to deter you from being as prepared as you might be in this deposition? MR. MORRIS: Objection to the form of the question. A. I was – I was surprised by the lawsuit, by me being named, because, again, I	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	life at Skyview. MS. DEITSCH-PEREZ: Thank you. THE WITNESS: Thank you. FURTHER EXAMINATION BY MR. MORRIS: Q. If I may, I just have a few questions. Mr. Waterhouse, we saw a number of documents that Mr. Rukavina put up on the screen where Ms. Hendrix would send you a schedule of payments that were due on behalf of certain Highland affiliates. Do you remember that? A. Yes. Q. And in each instance she asked for your approval to make the payments; is that right? A. Yes, she did. Q. And was that the — was that the practice in the second half of 2020 whereby Ms. Hendrix would prepare a list of payments that were due on behalf of Highland associates	Page 377
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	WATERHOUSE - 10-19-21 I really don't want to go – go afield – MS. DEITSCH-PEREZ: Yeah. MS. DANDENEAU: – and open up a whole new line of inquiry about the lawsuit or the – the motion and the bankruptcy court. We will be here all night. MS. DEITSCH-PEREZ: And I understand. Q. My – my point is: Do you feel like – like there is some effort by these parties related to the debtor to intimidate you – not that you – I'm not saying you are or you aren't. But do you feel like there is some effort to intimidate you and maybe an effort to deter you from being as prepared as you might be in this deposition? MR. MORRIS: Objection to the form of the question. A. I was – I was surprised by the	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	life at Skyview. MS. DEITSCH-PEREZ: Thank you. THE WITNESS: Thank you. FURTHER EXAMINATION BY MR. MORRIS: Q. If I may, I just have a few questions. Mr. Waterhouse, we saw a number of documents that Mr. Rukavina put up on the screen where Ms. Hendrix would send you a schedule of payments that were due on behalf of certain Highland affiliates. Do you remember that? A. Yes. Q. And in each instance she asked for your approval to make the payments; is that right? A. Yes, she did. Q. And was that the – was that the practice in the second half of 2020 whereby Ms. Hendrix would prepare a list of payments	Page 377

Page 378 1 WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 379
2 Q. And I think you said that there was	2 deadli		
3 a-a-	3	I don't know how, as I testified	
4 A. It was – I think I testified to		, how much they were using that	
5 this earlier when we talked about procedures	5 calend		
6 and policy, you know, again, I want to be		Okay. But – but you did get notice	
7 informed of – of – of – of any		request to approve the payments that were	
8 payments that are going out. I want to be made		g due on behalf of Highland's affiliates.	
9 aware of these payments, and that was just a		ave that right?	
10 general policy, not just for 2020.	10	MS. DANDENEAU: Objection to form.	
11 Q. Okay. So it went beyond 2020?		I mean, generally, yes. I mean, you	
12 A. Yes.		, as we saw with these emails, generally, I	
13 Q. Is that right?		, did that encompass everything, no.	
14 A. Yes.		Okay. Do you know why the	
15 Q. Okay. And the corporate accounting		ent – do you know why there was no payment	
16 group would prepare a calendar that would set		by NexPoint at the end of 2020?	
17 forth all of the payments that were anticipated		Yes. There was – there was – we	
18 in the – in the three weeks ahead; is that		I about these agreements between the	
19 right?		ors and Highland, the shared services and	
20 A. I – like I testified earlier, we		ost reimbursement agreement.	
21 had a corporate calendar that was set up, you	21	And in late 2020, there were	
22 know, to – to provide reminders or, you know,		ayments, large overpayments that had been	
23 of anything of any nature, whether it is		e over the years on these agreements, and it	
24 payments or – or financial statements or, you		ny understanding that the advisors were –	
25 know, whatever it is, you know, to meet		talking with – like Jim Seery and others	
25 Milow, Wildovor Rib, you willow, to moot	20 11010	talking with modiff coory and other	
Page 380	1	WATERHOUSE - 10-10-21	Page 381
1 WATERHOUSE - 10-19-21	1 2 A	WATERHOUSE - 10-19-21 No. The advisors — the advisors	Page 381
1 WATERHOUSE - 10-19-21 2 to offset any obligations that the advisors	2 A.	No. The advisors – the advisors	Page 381
1 WATERHOUSE - 10-19-21 2 to offset any obligations that the advisors 3 owed to Highland as offset to the overpayments	2 A.3 had st	No. The advisors – the advisors opped making payments prior to that	Page 381
 WATERHOUSE - 10-19-21 to offset any obligations that the advisors owed to Highland as offset to the overpayments on these agreements. 	2 A. 3 had st 4 notice	No. The advisors – the advisors opped making payments prior to that .	Page 381
 WATERHOUSE - 10-19-21 to offset any obligations that the advisors owed to Highland as offset to the overpayments on these agreements. Q. Okay. Did you participate in any of 	2 A. 3 had st 4 notice 5 Q.	No. The advisors – the advisors opped making payments prior to that Okay. And how do you know that the	Page 381
 WATERHOUSE - 10-19-21 to offset any obligations that the advisors owed to Highland as offset to the overpayments on these agreements. Q. Okay. Did you participate in any of those conversations? 	2 A. 3 had st 4 notice 5 Q. 6 adviso	No. The advisors – the advisors opped making payments prior to that Okay. And how do you know that the ors stopped making – making payments	Page 381
 1 WATERHOUSE - 10-19-21 2 to offset any obligations that the advisors 3 owed to Highland as offset to the overpayments 4 on these agreements. 5 Q. Okay. Did you participate in any of 6 those conversations? 7 A. I did not. 	2 A. 3 had st 4 notice 5 Q. 6 adviso 7 prior to	No. The advisors – the advisors opped making payments prior to that Okay. And how do you know that the ors stopped making – making payments of the notice?	Page 381
 WATERHOUSE - 10-19-21 to offset any obligations that the advisors owed to Highland as offset to the overpayments on these agreements. Q. Okay. Did you participate in any of those conversations? A. I did not. Q. Okay. Do you know - do you recall 	2 A. 3 had st 4 notice 5 Q. 6 adviso 7 prior to 8 A.	No. The advisors – the advisors opped making payments prior to that Okay. And how do you know that the ors stopped making – making payments of the notice? I had – I had a conversation	Page 381
1 WATERHOUSE - 10-19-21 2 to offset any obligations that the advisors 3 owed to Highland as offset to the overpayments 4 on these agreements. 5 Q. Okay. Did you participate in any of 6 those conversations? 7 A. I did not. 8 Q. Okay. Do you know – do you recall 9 that the – at the end of November, the debtor	 A. had st notice Q. adviso prior to A. with 	No. The advisors – the advisors opped making payments prior to that Okay. And how do you know that the ors stopped making – making payments of the notice? I had – I had a conversation with Jim Dondero.	Page 381
1 WATERHOUSE - 10-19-21 2 to offset any obligations that the advisors 3 owed to Highland as offset to the overpayments 4 on these agreements. 5 Q. Okay. Did you participate in any of 6 those conversations? 7 A. I did not. 8 Q. Okay. Do you know – do you recall 9 that the – at the end of November, the debtor 10 did notice to the advisors of their intent to	2 A. 3 had st 4 notice 5 Q. 6 adviso 7 prior to 8 A. 9 with – 10 Q.	No. The advisors – the advisors opped making payments prior to that Okay. And how do you know that the ors stopped making – making payments of the notice? I had – I had a conversation with Jim Dondero. And did Mr. Dondero tell you that	Page 381
1 WATERHOUSE - 10-19-21 2 to offset any obligations that the advisors 3 owed to Highland as offset to the overpayments 4 on these agreements. 5 Q. Okay. Did you participate in any of 6 those conversations? 7 A. I did not. 8 Q. Okay. Do you know – do you recall 9 that the – at the end of November, the debtor 10 did notice to the advisors of their intent to 11 terminate the shared services agreements?	2 A. 3 had st 4 notice 5 Q. 6 adviso 7 prior to 8 A. 9 with – 10 Q. 11 the ac	No. The advisors – the advisors opped making payments prior to that Okay. And how do you know that the ors stopped making – making payments of the notice? I had – I had a conversation with Jim Dondero. And did Mr. Dondero tell you that divisors would no longer make payments to	Page 381
1 WATERHOUSE - 10-19-21 2 to offset any obligations that the advisors 3 owed to Highland as offset to the overpayments 4 on these agreements. 5 Q. Okay. Did you participate in any of 6 those conversations? 7 A. I did not. 8 Q. Okay. Do you know – do you recall 9 that the – at the end of November, the debtor 10 did notice to the advisors of their intent to 11 terminate the shared services agreements? 12 A. Like I testified earlier, there	2 A. 3 had st 4 notice 5 Q. 6 adviso 7 prior to 8 A. 9 with – 10 Q. 11 the ac 12 Highla	No. The advisors – the advisors opped making payments prior to that Okay. And how do you know that the ors stopped making – making payments of the notice? I had – I had a conversation with Jim Dondero. And did Mr. Dondero tell you that dvisors would no longer make payments to and?	Page 381
1 WATERHOUSE - 10-19-21 2 to offset any obligations that the advisors 3 owed to Highland as offset to the overpayments 4 on these agreements. 5 Q. Okay. Did you participate in any of 6 those conversations? 7 A. I did not. 8 Q. Okay. Do you know – do you recall 9 that the – at the end of November, the debtor 10 did notice to the advisors of their intent to 11 terminate the shared services agreements? 12 A. Like I testified earlier, there 13 was – the agreements weren't identical, from	2 A. 3 had st 4 notice 5 Q. 6 adviso 7 prior to 8 A. 9 with – 10 Q. 11 the ac	No. The advisors – the advisors opped making payments prior to that Okay. And how do you know that the ors stopped making – making payments of the notice? I had – I had a conversation with Jim Dondero. And did Mr. Dondero tell you that divisors would no longer make payments to and? MS. DEITSCH-PEREZ: Object to the	Page 381
1 WATERHOUSE - 10-19-21 2 to offset any obligations that the advisors 3 owed to Highland as offset to the overpayments 4 on these agreements. 5 Q. Okay. Did you participate in any of 6 those conversations? 7 A. I did not. 8 Q. Okay. Do you know – do you recall 9 that the – at the end of November, the debtor 10 did notice to the advisors of their intent to 11 terminate the shared services agreements? 12 A. Like I testified earlier, there 13 was – the agreements weren't identical, from 14 what I recall, and there is one that had a	2 A. 3 had st 4 notice 5 Q. 6 adviso 7 prior to 8 A. 9 with – 10 Q. 11 the ac 12 Highla 13 14 for	No. The advisors – the advisors opped making payments prior to that Okay. And how do you know that the ors stopped making – making payments of the notice? I had – I had a conversation with Jim Dondero. And did Mr. Dondero tell you that dvisors would no longer make payments to end? MS. DEITSCH-PEREZ: Object to the opper make payments.	Page 381
1 WATERHOUSE - 10-19-21 2 to offset any obligations that the advisors 3 owed to Highland as offset to the overpayments 4 on these agreements. 5 Q. Okay. Did you participate in any of 6 those conversations? 7 A. I did not. 8 Q. Okay. Do you know – do you recall 9 that the – at the end of November, the debtor 10 did notice to the advisors of their intent to 11 terminate the shared services agreements? 12 A. Like I testified earlier, there 13 was – the agreements weren't identical, from 14 what I recall, and there is one that had a 15 longer notice period, which I think had a	2 A. 3 had st 4 notice 5 Q. 6 adviso 7 prior to 8 A. 9 with – 10 Q. 11 the ac 12 Highla 13 14 for 15 A.	No. The advisors – the advisors opped making payments prior to that Okay. And how do you know that the ors stopped making – making payments of the notice? I had – I had a conversation with Jim Dondero. And did Mr. Dondero tell you that dvisors would no longer make payments to and? MS. DEITSCH-PEREZ: Object to the m. Yes, he – he – again, he said	Page 381
1 WATERHOUSE - 10-19-21 2 to offset any obligations that the advisors 3 owed to Highland as offset to the overpayments 4 on these agreements. 5 Q. Okay. Did you participate in any of 6 those conversations? 7 A. I did not. 8 Q. Okay. Do you know – do you recall 9 that the – at the end of November, the debtor 10 did notice to the advisors of their intent to 11 terminate the shared services agreements? 12 A. Like I testified earlier, there 13 was – the agreements weren't identical, from 14 what I recall, and there is one that had a 15 longer notice period, which I think had a	2 A. 3 had st 4 notice 5 Q. 6 adviso 7 prior to 8 A. 9 with – 10 Q. 11 the ac 12 Highla 13 14 for 15 A. 16 they –	No. The advisors – the advisors opped making payments prior to that Okay. And how do you know that the ors stopped making – making payments of the notice? I had – I had a conversation with Jim Dondero. And did Mr. Dondero tell you that divisors would no longer make payments to and? MS. DEITSCH-PEREZ: Object to the orm. Yes, he – he – again, he said - they – the advisors have overpaid on	Page 381
1 WATERHOUSE - 10-19-21 2 to offset any obligations that the advisors 3 owed to Highland as offset to the overpayments 4 on these agreements. 5 Q. Okay. Did you participate in any of 6 those conversations? 7 A. I did not. 8 Q. Okay. Do you know – do you recall 9 that the – at the end of November, the debtor 10 did notice to the advisors of their intent to 11 terminate the shared services agreements? 12 A. Like I testified earlier, there 13 was – the agreements weren't identical, from 14 what I recall, and there is one that had a 15 longer notice period. I don't recall which one	2 A. 3 had st 4 notice 5 Q. 6 adviso 7 prior to 8 A. 9 with – 10 Q. 11 the ac 12 Highla 13 14 for 15 A. 16 they- 17 these	No. The advisors – the advisors opped making payments prior to that Okay. And how do you know that the ors stopped making – making payments of the notice? I had – I had a conversation with Jim Dondero. And did Mr. Dondero tell you that dvisors would no longer make payments to and? MS. DEITSCH-PEREZ: Object to the m. Yes, he – he – again, he said	Page 381
1 WATERHOUSE - 10-19-21 2 to offset any obligations that the advisors 3 owed to Highland as offset to the overpayments 4 on these agreements. 5 Q. Okay. Did you participate in any of 6 those conversations? 7 A. I did not. 8 Q. Okay. Do you know — do you recall 9 that the — at the end of November, the debtor 10 did notice to the advisors of their intent to 11 terminate the shared services agreements? 12 A. Like I testified earlier, there 13 was — the agreements weren't identical, from 14 what I recall, and there is one that had a 15 longer notice period, which I think had a 16 60-day notice period. I don't recall which one 17 that was, so not all of them were — notice 18 hadn't been given as of November 30th, for all	2 A. 3 had st 4 notice 5 Q. 6 adviso 7 prior to 8 A. 9 with – 10 Q. 11 the ac 12 Highla 13 14 for 15 A. 16 they- 17 these 18 paym	No. The advisors – the advisors opped making payments prior to that Okay. And how do you know that the ors stopped making – making payments of the notice? I had – I had a conversation with Jim Dondero. And did Mr. Dondero tell you that divisors would no longer make payments to land? MS. DEITSCH-PEREZ: Object to the land. Yes, he – he – again, he said. - they – the advisors have overpaid on agreements, to not make any future.	Page 381
1 WATERHOUSE - 10-19-21 2 to offset any obligations that the advisors 3 owed to Highland as offset to the overpayments 4 on these agreements. 5 Q. Okay. Did you participate in any of 6 those conversations? 7 A. I did not. 8 Q. Okay. Do you know – do you recall 9 that the – at the end of November, the debtor 10 did notice to the advisors of their intent to 11 terminate the shared services agreements? 12 A. Like I testified earlier, there 13 was – the agreements weren't identical, from 14 what I recall, and there is one that had a 15 longer notice period, which I think had a 16 60-day notice period. I don't recall which one 17 that was, so not all of them were – notice 18 hadn't been given as of November 30th, for all	2 A. 3 had st 4 notice 5 Q. 6 advisor 7 prior to 8 A. 9 with — 10 Q. 11 the ac 12 Highla 13 14 for 15 A. 16 they— 17 these 18 paym 19 and th	No. The advisors – the advisors opped making payments prior to that Okay. And how do you know that the ors stopped making – making payments of the notice? I had – I had a conversation with Jim Dondero. And did Mr. Dondero tell you that dvisors would no longer make payments to and? MS. DEITSCH-PEREZ: Object to the m. Yes, he – he – again, he said – they – the advisors have overpaid on agreements, to not make any future ents, and that there needs to be offsets,	Page 381
1 WATERHOUSE - 10-19-21 2 to offset any obligations that the advisors 3 owed to Highland as offset to the overpayments 4 on these agreements. 5 Q. Okay. Did you participate in any of 6 those conversations? 7 A. I did not. 8 Q. Okay. Do you know – do you recall 9 that the – at the end of November, the debtor 10 did notice to the advisors of their intent to 11 terminate the shared services agreements? 12 A. Like I testified earlier, there 13 was – the agreements weren't identical, from 14 what I recall, and there is one that had a 15 longer notice period, which I think had a 16 60-day notice period. I don't recall which one 17 that was, so not all of them were – notice 18 hadn't been given as of November 30th, for all 19 of the agreements.	2 A. 3 had st 4 notice 5 Q. 6 advisor 7 prior to 8 A. 9 with — 10 Q. 11 the ac 12 Highla 13 14 for 15 A. 16 they— 17 these 18 paym 19 and th	No. The advisors – the advisors opped making payments prior to that Okay. And how do you know that the ors stopped making – making payments of the notice? I had – I had a conversation with Jim Dondero. And did Mr. Dondero tell you that divisors would no longer make payments to land? MS. DEITSCH-PEREZ: Object to the land. Yes, he – he – again, he said – they – the advisors have overpaid on agreements, to not make any future lents, and that there needs to be offsets, ney're working on getting offsets to these layment.	Page 381
1 WATERHOUSE - 10-19-21 2 to offset any obligations that the advisors 3 owed to Highland as offset to the overpayments 4 on these agreements. 5 Q. Okay. Did you participate in any of 6 those conversations? 7 A. I did not. 8 Q. Okay. Do you know – do you recall 9 that the – at the end of November, the debtor 10 did notice to the advisors of their intent to 11 terminate the shared services agreements? 12 A. Like I testified earlier, there 13 was – the agreements weren't identical, from 14 what I recall, and there is one that had a 15 longer notice period, which I think had a 16 60-day notice period. I don't recall which one 17 that was, so not all of them were – notice 18 hadn't been given as of November 30th, for all 19 of the agreements. 20 Q. Upon the receipt of the – the	2 A. 3 had st 4 notice 5 Q. 6 adviso 7 prior to 8 A. 9 with – 10 Q. 11 the ac 12 Highla 13 14 for 15 A. 16 they- 17 these 18 paym 19 and th 20 overp 21 Q.	No. The advisors – the advisors opped making payments prior to that Okay. And how do you know that the ors stopped making – making payments of the notice? I had – I had a conversation with Jim Dondero. And did Mr. Dondero tell you that divisors would no longer make payments to and? MS. DEITSCH-PEREZ: Object to the m. Yes, he – he – again, he said – they – the advisors have overpaid on agreements, to not make any future ents, and that there needs to be offsets, ney're working on getting offsets to these ayment.	Page 381
to offset any obligations that the advisors owed to Highland as offset to the overpayments on these agreements. Q. Okay. Did you participate in any of those conversations? A. I did not. Q. Okay. Do you know – do you recall that the – at the end of November, the debtor did notice to the advisors of their intent to terminate the shared services agreements? A. Like I testified earlier, there was – the agreements weren't identical, from what I recall, and there is one that had a longer notice period, which I think had a fol-day notice period. I don't recall which one that was, so not all of them were – notice hadn't been given as of November 30th, for all of the agreements. Q. Upon the receipt of the – the termination notices that you recall, do you	2 A. 3 had st 4 notice 5 Q. 6 advisor 7 prior to 8 A. 9 with — 10 Q. 11 the ac 12 Highla 13 14 for 15 A. 16 they — 17 these 18 paym 19 and th 20 overp 21 Q. 22 instruct	No. The advisors – the advisors opped making payments prior to that Okay. And how do you know that the ors stopped making – making payments of the notice? I had – I had a conversation with Jim Dondero. And did Mr. Dondero tell you that dvisors would no longer make payments to and? MS. DEITSCH-PEREZ: Object to the m. Yes, he – he – again, he said – they – the advisors have overpaid on agreements, to not make any future ents, and that there needs to be offsets, ney're working on getting offsets to these ayment. Do you know if anybody ever	Page 381
1 WATERHOUSE - 10-19-21 2 to offset any obligations that the advisors 3 owed to Highland as offset to the overpayments 4 on these agreements. 5 Q. Okay. Did you participate in any of 6 those conversations? 7 A. I did not. 8 Q. Okay. Do you know – do you recall 9 that the – at the end of November, the debtor 10 did notice to the advisors of their intent to 11 terminate the shared services agreements? 12 A. Like I testified earlier, there 13 was – the agreements weren't identical, from 14 what I recall, and there is one that had a 15 longer notice period, which I think had a 16 60-day notice period. I don't recall which one 17 that was, so not all of them were – notice 18 hadn't been given as of November 30th, for all 19 of the agreements. 20 Q. Upon the receipt of the – the 21 termination notices that you recall, do you 22 know if the advisors decided at that point not	2 A. 3 had st 4 notice 5 Q. 6 advisor 7 prior to 8 A. 9 with — 10 Q. 11 the ac 12 Highla 13 14 for 15 A. 16 they — 17 these 18 paym 19 and th 20 overp 21 Q. 22 instruct	No. The advisors – the advisors opped making payments prior to that Okay. And how do you know that the ors stopped making – making payments of the notice? I had – I had a conversation with Jim Dondero. And did Mr. Dondero tell you that divisors would no longer make payments to end? MS. DEITSCH-PEREZ: Object to the order. Yes, he – he – again, he said – they – the advisors have overpaid on agreements, to not make any future ents, and that there needs to be offsets, ney're working on getting offsets to these ayment. Do you know if anybody ever cted Highland's employees to make the ent that was due by NexPoint at the end of	Page 381
1 WATERHOUSE - 10-19-21 2 to offset any obligations that the advisors 3 owed to Highland as offset to the overpayments 4 on these agreements. 5 Q. Okay. Did you participate in any of 6 those conversations? 7 A. I did not. 8 Q. Okay. Do you know – do you recall 9 that the – at the end of November, the debtor 10 did notice to the advisors of their intent to 11 terminate the shared services agreements? 12 A. Like I testified earlier, there 13 was – the agreements weren't identical, from 14 what I recall, and there is one that had a 15 longer notice period, which I think had a 16 60-day notice period. I don't recall which one 17 that was, so not all of them were – notice 18 hadn't been given as of November 30th, for all 19 of the agreements. 20 Q. Upon the receipt of the – the 21 termination notices that you recall, do you 22 know if the advisors decided at that point not 23 to make any further payments of any kind to	2 A. 3 had st 4 notice 5 Q. 6 adviso 7 prior to 8 A. 9 with – 10 Q. 11 the ac 12 Highla 13 14 for 15 A. 16 they- 17 these 18 paym 19 and th 20 overp 21 Q. 22 instruc 23 paym 24 the year	No. The advisors – the advisors opped making payments prior to that Okay. And how do you know that the ors stopped making – making payments of the notice? I had – I had a conversation with Jim Dondero. And did Mr. Dondero tell you that divisors would no longer make payments to end? MS. DEITSCH-PEREZ: Object to the order. Yes, he – he – again, he said – they – the advisors have overpaid on agreements, to not make any future ents, and that there needs to be offsets, ney're working on getting offsets to these ayment. Do you know if anybody ever cted Highland's employees to make the ent that was due by NexPoint at the end of	Page 381

Page 382 1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21	Page 383
2 employees to make that payment?	2 so I mean, until those negotiations were	
3 Q. Correct.	3 resolved, you know, there wasn't any	
4 A. Anyone – not that I'm aware.	4 payments – there weren't any payments.	
5 Q. Were any of Highland's employees	5 Q. And – and there were no payments	
6 authorized to make the payments on behalf of	6 until the negotiations were resolved because	
7 its affiliates – withdrawn.	7 that was the directive that you received from	
8 Was any of Highland's employees	8 Mr. Dondero; correct?	
9 authorized to effectuate the payment on behalf	9 A. I don't think he said – I mean, I	
10 of NexPoint that was due at the end of the year	10 think – yeah, I mean – I'm trying to recall	
11 without getting approval from either you or	11 the conversation. It was – you know, there	
12 Mr. Dondero?	12 is – there is these negotiations. There's –	
13 A. They had the – they had the ability	13 there needs to be these offsets. They're	
14 to make the payment, but they didn't – you	14 talking with the debtor. So, you know, until	
15 know, that – that payment needed to be	15 this is resolved, right, I mean, depending on	
16 approved.	16 how, whatever that resolution was, were we to	
17 Q. Okay. And it needed to be approved	17 take any action.	
18 by you or Mr. Dondero; is that right?	18 Q. Okay. How about with respect to	
19 A. I mean, I'm not going to make the	19 HCMS, did HCMS have a term payment due at the	
20 unilateral decision.	20 end of the year?	
21 Q. Is that a decision that you	21 A. Again, I don't – I don't recall.	
22 understood had to be made by Mr. Dondero?	22 Q. Okay. You discussed briefly two	
23 A. Yes. Sitting back in December of	23 payments that were made in January of 2021, one	
24 2020, the – that – there was this off –	24 on behalf of NexPoint, and one on behalf of	
25 offset negotiation that — that was happening,	25 HCMS. Do I have that right?	
	20 1.0 20 1	
Page 384 1 WATERHOUSE - 10-19-21	1 WATERHOUSE - 10-19-21	Page 385
1 WATERHOUSE - 10-19-21		Page 385
1 WATERHOUSE - 10-19-21 2 A. No. The two payments I recall were	2 let me try again.	Page 385
WATERHOUSE - 10-19-21 A. No. The two payments I recall were NexPoint and HCRE.	2 let me try again.3 A. These are very long questions, John.	Page 385
WATERHOUSE - 10-19-21 A. No. The two payments I recall were NexPoint and HCRE. Q. Okay. And those two payments –	 2 let me try again. 3 A. These are very long questions, John. 4 I'm not trying to be – 	Page 385
 WATERHOUSE - 10-19-21 A. No. The two payments I recall were NexPoint and HCRE. Q. Okay. And those two payments – thank you for the correction. And those two 	 2 let me try again. 3 A. These are very long questions, John. 4 I'm not trying to be – 5 Q. That is good. Do you know whether 	Page 385
 WATERHOUSE - 10-19-21 A. No. The two payments I recall were NexPoint and HCRE. Q. Okay. And those two payments – thank you for the correction. And those two payments were made because Mr. Dondero 	 2 let me try again. 3 A. These are very long questions, John. 4 I'm not trying to be – 5 Q. That is good. Do you know whether 6 anybody – do you know whether anybody on 	Page 385
1 WATERHOUSE - 10-19-21 2 A. No. The two payments I recall were 3 NexPoint and HCRE. 4 Q. Okay. And those two payments — 5 thank you for the correction. And those two 6 payments were made because Mr. Dondero 7 authorized those payments to be made; correct?	 2 let me try again. 3 A. These are very long questions, John. 4 I'm not trying to be – 5 Q. That is good. Do you know whether 6 anybody – do you know whether anybody on 7 behalf of HCMS – HCMFA ever told the SEC that 	Page 385
1 WATERHOUSE - 10-19-21 2 A. No. The two payments I recall were 3 NexPoint and HCRE. 4 Q. Okay. And those two payments — 5 thank you for the correction. And those two 6 payments were made because Mr. Dondero 7 authorized those payments to be made; correct? 8 A. Yes.	 2 let me try again. 3 A. These are very long questions, John. 4 I'm not trying to be – 5 Q. That is good. Do you know whether 6 anybody – do you know whether anybody on 7 behalf of HCMS – HCMFA ever told the SEC that 8 Highland was the responsible party for the 	Page 385
1 WATERHOUSE - 10-19-21 2 A. No. The two payments I recall were 3 NexPoint and HCRE. 4 Q. Okay. And those two payments — 5 thank you for the correction. And those two 6 payments were made because Mr. Dondero 7 authorized those payments to be made; correct?	 2 let me try again. 3 A. These are very long questions, John. 4 I'm not trying to be – 5 Q. That is good. Do you know whether 6 anybody – do you know whether anybody on 7 behalf of HCMS – HCMFA ever told the SEC that 	Page 385
1 WATERHOUSE - 10-19-21 2 A. No. The two payments I recall were 3 NexPoint and HCRE. 4 Q. Okay. And those two payments – 5 thank you for the correction. And those two 6 payments were made because Mr. Dondero 7 authorized those payments to be made; correct? 8 A. Yes. 9 Q. And they hadn't been made before	2 let me try again. 3 A. These are very long questions, John. 4 I'm not trying to be — 5 Q. That is good. Do you know whether 6 anybody — do you know whether anybody on 7 behalf of HCMS — HCMFA ever told the SEC that 8 Highland was the responsible party for the 9 TerreStar valuation error? 10 A. Not that I'm aware.	Page 385
1 WATERHOUSE - 10-19-21 2 A. No. The two payments I recall were 3 NexPoint and HCRE. 4 Q. Okay. And those two payments — 5 thank you for the correction. And those two 6 payments were made because Mr. Dondero 7 authorized those payments to be made; correct? 8 A. Yes. 9 Q. And they hadn't been made before 10 that because Mr. Dondero had not authorized 11 them to be made?	 2 let me try again. 3 A. These are very long questions, John. 4 I'm not trying to be – 5 Q. That is good. Do you know whether 6 anybody – do you know whether anybody on 7 behalf of HCMS – HCMFA ever told the SEC that 8 Highland was the responsible party for the 9 TerreStar valuation error? 10 A. Not that I'm aware. 	Page 385
1 WATERHOUSE - 10-19-21 2 A. No. The two payments I recall were 3 NexPoint and HCRE. 4 Q. Okay. And those two payments – 5 thank you for the correction. And those two 6 payments were made because Mr. Dondero 7 authorized those payments to be made; correct? 8 A. Yes. 9 Q. And they hadn't been made before 10 that because Mr. Dondero had not authorized 11 them to be made? 12 MS. DEITSCH-PEREZ: Object to the	2 let me try again. 3 A. These are very long questions, John. 4 I'm not trying to be — 5 Q. That is good. Do you know whether 6 anybody — do you know whether anybody on 7 behalf of HCMS — HCMFA ever told the SEC that 8 Highland was the responsible party for the 9 TerreStar valuation error? 10 A. Not that I'm aware. 11 Q. Okay. Did anybody on behalf of 12 the — on behalf of HCMFA ever tell the retail	Page 385
1 WATERHOUSE - 10-19-21 2 A. No. The two payments I recall were 3 NexPoint and HCRE. 4 Q. Okay. And those two payments — 5 thank you for the correction. And those two 6 payments were made because Mr. Dondero 7 authorized those payments to be made; correct? 8 A. Yes. 9 Q. And they hadn't been made before 10 that because Mr. Dondero had not authorized 11 them to be made? 12 MS. DEITSCH-PEREZ: Object to the 13 form.	2 let me try again. 3 A. These are very long questions, John. 4 I'm not trying to be — 5 Q. That is good. Do you know whether 6 anybody — do you know whether anybody on 7 behalf of HCMS — HCMFA ever told the SEC that 8 Highland was the responsible party for the 9 TerreStar valuation error? 10 A. Not that I'm aware. 11 Q. Okay. Did anybody on behalf of 12 the — on behalf of HCMFA ever tell the retail 13 board that Highland was responsible for the	Page 385
1 WATERHOUSE - 10-19-21 2 A. No. The two payments I recall were 3 NexPoint and HCRE. 4 Q. Okay. And those two payments — 5 thank you for the correction. And those two 6 payments were made because Mr. Dondero 7 authorized those payments to be made; correct? 8 A. Yes. 9 Q. And they hadn't been made before 10 that because Mr. Dondero had not authorized 11 them to be made? 12 MS. DEITSCH-PEREZ: Object to the 13 form. 14 A. Yes, because of these negotiations.	2 let me try again. 3 A. These are very long questions, John. 4 I'm not trying to be — 5 Q. That is good. Do you know whether 6 anybody — do you know whether anybody on 7 behalf of HCMS — HCMFA ever told the SEC that 8 Highland was the responsible party for the 9 TerreStar valuation error? 10 A. Not that I'm aware. 11 Q. Okay. Did anybody on behalf of 12 the — on behalf of HCMFA ever tell the retail 13 board that Highland was responsible for the	Page 385
1 WATERHOUSE - 10-19-21 2 A. No. The two payments I recall were 3 NexPoint and HCRE. 4 Q. Okay. And those two payments – 5 thank you for the correction. And those two 6 payments were made because Mr. Dondero 7 authorized those payments to be made; correct? 8 A. Yes. 9 Q. And they hadn't been made before 10 that because Mr. Dondero had not authorized 11 them to be made? 12 MS. DEITSCH-PEREZ: Object to the 13 form. 14 A. Yes, because of these negotiations. 15 Q. Okay. Just a couple of more	2 let me try again. 3 A. These are very long questions, John. 4 I'm not trying to be – 5 Q. That is good. Do you know whether 6 anybody – do you know whether anybody on 7 behalf of HCMS – HCMFA ever told the SEC that 8 Highland was the responsible party for the 9 TerreStar valuation error? 10 A. Not that I'm aware. 11 Q. Okay. Did anybody on behalf of 12 the – on behalf of HCMFA ever tell the retail 13 board that Highland was responsible for the 14 TerreStar valuation error? 15 A. Not that I'm aware.	Page 385
1 WATERHOUSE - 10-19-21 2 A. No. The two payments I recall were 3 NexPoint and HCRE. 4 Q. Okay. And those two payments — 5 thank you for the correction. And those two 6 payments were made because Mr. Dondero 7 authorized those payments to be made; correct? 8 A. Yes. 9 Q. And they hadn't been made before 10 that because Mr. Dondero had not authorized 11 them to be made? 12 MS. DEITSCH-PEREZ: Object to the 13 form. 14 A. Yes, because of these negotiations. 15 Q. Okay. Just a couple of more 16 questions.	2 let me try again. 3 A. These are very long questions, John. 4 I'm not trying to be — 5 Q. That is good. Do you know whether 6 anybody — do you know whether anybody on 7 behalf of HCMS — HCMFA ever told the SEC that 8 Highland was the responsible party for the 9 TerreStar valuation error? 10 A. Not that I'm aware. 11 Q. Okay. Did anybody on behalf of 12 the — on behalf of HCMFA ever tell the retail 13 board that Highland was responsible for the 14 TerreStar valuation error? 15 A. Not that I'm aware. 16 Q. Do you know if HCMFA made an	Page 385
1 WATERHOUSE - 10-19-21 2 A. No. The two payments I recall were 3 NexPoint and HCRE. 4 Q. Okay. And those two payments — 5 thank you for the correction. And those two 6 payments were made because Mr. Dondero 7 authorized those payments to be made; correct? 8 A. Yes. 9 Q. And they hadn't been made before 10 that because Mr. Dondero had not authorized 11 them to be made? 12 MS. DEITSCH-PEREZ: Object to the 13 form. 14 A. Yes, because of these negotiations. 15 Q. Okay. Just a couple of more 16 questions. 17 Did anybody, to the best of your	2 let me try again. 3 A. These are very long questions, John. 4 I'm not trying to be — 5 Q. That is good. Do you know whether 6 anybody — do you know whether anybody on 7 behalf of HCMS — HCMFA ever told the SEC that 8 Highland was the responsible party for the 9 TerreStar valuation error? 10 A. Not that I'm aware. 11 Q. Okay. Did anybody on behalf of 12 the — on behalf of HCMFA ever tell the retail 13 board that Highland was responsible for the 14 TerreStar valuation error? 15 A. Not that I'm aware. 16 Q. Do you know if HCMFA made an	Page 385
1 WATERHOUSE - 10-19-21 2 A. No. The two payments I recall were 3 NexPoint and HCRE. 4 Q. Okay. And those two payments – 5 thank you for the correction. And those two 6 payments were made because Mr. Dondero 7 authorized those payments to be made; correct? 8 A. Yes. 9 Q. And they hadn't been made before 10 that because Mr. Dondero had not authorized 11 them to be made? 12 MS. DEITSCH-PEREZ: Object to the 13 form. 14 A. Yes, because of these negotiations. 15 Q. Okay. Just a couple of more 16 questions. 17 Did anybody, to the best of your 18 knowledge, on behalf of HCMFA, ever tell the	2 let me try again. 3 A. These are very long questions, John. 4 I'm not trying to be — 5 Q. That is good. Do you know whether 6 anybody — do you know whether anybody on 7 behalf of HCMS — HCMFA ever told the SEC that 8 Highland was the responsible party for the 9 TerreStar valuation error? 10 A. Not that I'm aware. 11 Q. Okay. Did anybody on behalf of 12 the — on behalf of HCMFA ever tell the retail 13 board that Highland was responsible for the 14 TerreStar valuation error? 15 A. Not that I'm aware. 16 Q. Do you know if HCMFA made an 17 insurance claim with respect to the damages	Page 385
1 WATERHOUSE - 10-19-21 2 A. No. The two payments I recall were 3 NexPoint and HCRE. 4 Q. Okay. And those two payments — 5 thank you for the correction. And those two 6 payments were made because Mr. Dondero 7 authorized those payments to be made; correct? 8 A. Yes. 9 Q. And they hadn't been made before 10 that because Mr. Dondero had not authorized 11 them to be made? 12 MS. DEITSCH-PEREZ: Object to the 13 form. 14 A. Yes, because of these negotiations. 15 Q. Okay. Just a couple of more 16 questions. 17 Did anybody, to the best of your 18 knowledge, on behalf of HCMFA, ever tell the	2 let me try again. 3 A. These are very long questions, John. 4 I'm not trying to be — 5 Q. That is good. Do you know whether 6 anybody — do you know whether anybody on 7 behalf of HCMS — HCMFA ever told the SEC that 8 Highland was the responsible party for the 9 TerreStar valuation error? 10 A. Not that I'm aware. 11 Q. Okay. Did anybody on behalf of 12 the — on behalf of HCMFA ever tell the retail 13 board that Highland was responsible for the 14 TerreStar valuation error? 15 A. Not that I'm aware. 16 Q. Do you know if HCMFA made an 17 insurance claim with respect to the damages 18 that were incurred in relation to the TerreStar	Page 385
1 WATERHOUSE - 10-19-21 2 A. No. The two payments I recall were 3 NexPoint and HCRE. 4 Q. Okay. And those two payments — 5 thank you for the correction. And those two 6 payments were made because Mr. Dondero 7 authorized those payments to be made; correct? 8 A. Yes. 9 Q. And they hadn't been made before 10 that because Mr. Dondero had not authorized 11 them to be made? 12 MS. DEITSCH-PEREZ: Object to the 13 form. 14 A. Yes, because of these negotiations. 15 Q. Okay. Just a couple of more 16 questions. 17 Did anybody, to the best of your 18 knowledge, on behalf of HCMFA, ever tell the 19 SEC that HCMLP was responsible for the mistakes 20 that were made on the TerreStar valuation?	2 let me try again. 3 A. These are very long questions, John. 4 I'm not trying to be — 5 Q. That is good. Do you know whether 6 anybody — do you know whether anybody on 7 behalf of HCMS — HCMFA ever told the SEC that 8 Highland was the responsible party for the 9 TerreStar valuation error? 10 A. Not that I'm aware. 11 Q. Okay. Did anybody on behalf of 12 the — on behalf of HCMFA ever tell the retail 13 board that Highland was responsible for the 14 TerreStar valuation error? 15 A. Not that I'm aware. 16 Q. Do you know if HCMFA made an 17 insurance claim with respect to the damages 18 that were incurred in relation to the TerreStar 19 valuation error? 20 A. Yes.	Page 385
1 WATERHOUSE - 10-19-21 2 A. No. The two payments I recall were 3 NexPoint and HCRE. 4 Q. Okay. And those two payments — 5 thank you for the correction. And those two 6 payments were made because Mr. Dondero 7 authorized those payments to be made; correct? 8 A. Yes. 9 Q. And they hadn't been made before 10 that because Mr. Dondero had not authorized 11 them to be made? 12 MS. DEITSCH-PEREZ: Object to the 13 form. 14 A. Yes, because of these negotiations. 15 Q. Okay. Just a couple of more 16 questions. 17 Did anybody, to the best of your 18 knowledge, on behalf of HCMFA, ever tell the 19 SEC that HCMLP was responsible for the mistakes 20 that were made on the TerreStar valuation? 21 A. Did anyone from Highland on HCMFA's	2 let me try again. 3 A. These are very long questions, John. 4 I'm not trying to be — 5 Q. That is good. Do you know whether 6 anybody — do you know whether anybody on 7 behalf of HCMS — HCMFA ever told the SEC that 8 Highland was the responsible party for the 9 TerreStar valuation error? 10 A. Not that I'm aware. 11 Q. Okay. Did anybody on behalf of 12 the — on behalf of HCMFA ever tell the retail 13 board that Highland was responsible for the 14 TerreStar valuation error? 15 A. Not that I'm aware. 16 Q. Do you know if HCMFA made an 17 insurance claim with respect to the damages 18 that were incurred in relation to the TerreStar 19 valuation error? 20 A. Yes.	Page 385
1 WATERHOUSE - 10-19-21 2 A. No. The two payments I recall were 3 NexPoint and HCRE. 4 Q. Okay. And those two payments — 5 thank you for the correction. And those two 6 payments were made because Mr. Dondero 7 authorized those payments to be made; correct? 8 A. Yes. 9 Q. And they hadn't been made before 10 that because Mr. Dondero had not authorized 11 them to be made? 12 MS. DEITSCH-PEREZ: Object to the 13 form. 14 A. Yes, because of these negotiations. 15 Q. Okay. Just a couple of more 16 questions. 17 Did anybody, to the best of your 18 knowledge, on behalf of HCMFA, ever tell the 19 SEC that HCMLP was responsible for the mistakes 20 that were made on the TerreStar valuation? 21 A. Did anyone from Highland on HCMFA's 22 behalf tell the SEC that Highland — that	2 let me try again. 3 A. These are very long questions, John. 4 I'm not trying to be — 5 Q. That is good. Do you know whether 6 anybody — do you know whether anybody on 7 behalf of HCMS — HCMFA ever told the SEC that 8 Highland was the responsible party for the 9 TerreStar valuation error? 10 A. Not that I'm aware. 11 Q. Okay. Did anybody on behalf of 12 the — on behalf of HCMFA ever tell the retail 13 board that Highland was responsible for the 14 TerreStar valuation error? 15 A. Not that I'm aware. 16 Q. Do you know if HCMFA made an 17 insurance claim with respect to the damages 18 that were incurred in relation to the TerreStar 19 valuation error? 20 A. Yes. 21 Q. And do you know why they made that	Page 385
1 WATERHOUSE - 10-19-21 2 A. No. The two payments I recall were 3 NexPoint and HCRE. 4 Q. Okay. And those two payments — 5 thank you for the correction. And those two 6 payments were made because Mr. Dondero 7 authorized those payments to be made; correct? 8 A. Yes. 9 Q. And they hadn't been made before 10 that because Mr. Dondero had not authorized 11 them to be made? 12 MS. DEITSCH-PEREZ: Object to the 13 form. 14 A. Yes, because of these negotiations. 15 Q. Okay. Just a couple of more 16 questions. 17 Did anybody, to the best of your 18 knowledge, on behalf of HCMFA, ever tell the 19 SEC that HCMLP was responsible for the mistakes 20 that were made on the TerreStar valuation? 21 A. Did anyone from Highland on HCMFA's 22 behalf tell the SEC that Highland — that	2 let me try again. 3 A. These are very long questions, John. 4 I'm not trying to be — 5 Q. That is good. Do you know whether 6 anybody — do you know whether anybody on 7 behalf of HCMS — HCMFA ever told the SEC that 8 Highland was the responsible party for the 9 TerreStar valuation error? 10 A. Not that I'm aware. 11 Q. Okay. Did anybody on behalf of 12 the — on behalf of HCMFA ever tell the retail 13 board that Highland was responsible for the 14 TerreStar valuation error? 15 A. Not that I'm aware. 16 Q. Do you know if HCMFA made an 17 insurance claim with respect to the damages 18 that were incurred in relation to the TerreStar 19 valuation error? 20 A. Yes. 21 Q. And do you know why they made that 22 insurance claim?	Page 385
1 WATERHOUSE - 10-19-21 2 A. No. The two payments I recall were 3 NexPoint and HCRE. 4 Q. Okay. And those two payments — 5 thank you for the correction. And those two 6 payments were made because Mr. Dondero 7 authorized those payments to be made; correct? 8 A. Yes. 9 Q. And they hadn't been made before 10 that because Mr. Dondero had not authorized 11 them to be made? 12 MS. DEITSCH-PEREZ: Object to the 13 form. 14 A. Yes, because of these negotiations. 15 Q. Okay. Just a couple of more 16 questions. 17 Did anybody, to the best of your 18 knowledge, on behalf of HCMFA, ever tell the 19 SEC that HCMLP was responsible for the mistakes 20 that were made on the TerreStar valuation? 21 A. Did anyone from Highland on HCMFA's 22 behalf tell the SEC that Highland — that 23 Highland was responsible for there — I just	2 let me try again. 3 A. These are very long questions, John. 4 I'm not trying to be — 5 Q. That is good. Do you know whether 6 anybody — do you know whether anybody on 7 behalf of HCMS — HCMFA ever told the SEC that 8 Highland was the responsible party for the 9 TerreStar valuation error? 10 A. Not that I'm aware. 11 Q. Okay. Did anybody on behalf of 12 the — on behalf of HCMFA ever tell the retail 13 board that Highland was responsible for the 14 TerreStar valuation error? 15 A. Not that I'm aware. 16 Q. Do you know if HCMFA made an 17 insurance claim with respect to the damages 18 that were incurred in relation to the TerreStar 19 valuation error? 20 A. Yes. 21 Q. And do you know why they made that 22 insurance claim? 23 A. Because there was an error. I	Page 385

	Page 386			Page 387
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	rage 367
2	the insurance claim made under HCMFA's policy?	2	A. I mean, generally, yes. You know,	
3	A. Yes.	3	we were asked to provide asset values, right,	
4	Q. Did HCMFA at any time prior to the	4	and he was having settlement discussions.	
5	petition date - withdrawn.	5	Again, I don't know who those went to	
6	You were asked a couple of questions	6	ultimately. I don't recall.	
7	where – where you said that Mr. Dondero told	7	MR. MORRIS: I have no further	
8	you that he was ascribing zero value to the	8	questions. Thank you very much for your	
9	notes as part of a pot plan because he believed	9	patience. I apologize for the late hour.	
10	that the notes were part of executive	10	MS. DEITSCH-PEREZ: John, you stay	
11	compensation.	11	on about your email when	
12	Do I have that right?	12	MR. RUKAVINA: Hold on, I'm not	
13	MS. DEITSCH-PEREZ: Object to the	13	done.	
14	form.	14	MS. DEITSCH-PEREZ: Oh, okay. Davor	
15	A. Yes.	15	still has questions. Sorry. I was going	
16	Q. Okay. Have you ever heard that	16	to say both John and Davor, could you stay	
17	before the time that Mr. Dondero told you that	17	on afterwards just to talk about the	
18	in the conversation about the pot plan?	18	requests.	
19	A. Had I heard that prior to my	19	FURTHER EXAMINATION	
l	conversation with Mr. Dondero?	20	BY MR. RUKAVINA:	
20		-		
21	Q. Yes.	21	Q. Mr. Waterhouse, you were just now	
22	A. No, I had not heard that prior.	22	testifying about a discussion you had with	
23	Q. Okay. And that was in the context	23	Mr. Dondero where he said something like no	
24	of his formulation of the settlement proposal;	24	more payments.	
25	is that right?	25	Do you remember that testimony?	
\vdash	Page 388	_		
١,		,	WATER IOLICE 40 40 04	Page 389
1	WATERHOUSE - 10-19-21	1	WATERHOUSE - 10-19-21	Page 389
2	WATERHOUSE - 10-19-21 A. Yes.	2	talked to Mr. Dondero, had your office or you	Page 389
2 3	WATERHOUSE - 10-19-21 A. Yes. Q. Okay. And was that late November or	3	talked to Mr. Dondero, had your office or you done any estimate of what the alleged	Page 389
2 3 4	WATERHOUSE - 10-19-21 A. Yes. Q. Okay. And was that late November or early December of 2020?	2 3 4	talked to Mr. Dondero, had your office or you done any estimate of what the alleged overpayments were?	Page 389
2 3 4 5	WATERHOUSE - 10-19-21 A. Yes. Q. Okay. And was that late November or early December of 2020? A. It was, I would say, first or second	2 3 4 5	talked to Mr. Dondero, had your office or you done any estimate of what the alleged overpayments were? MR. MORRIS: Objection to the form	Page 389
2 3 4 5 6	WATERHOUSE - 10-19-21 A. Yes. Q. Okay. And was that late November or early December of 2020? A. It was, I would say, first or second week of November.	2 3 4 5 6	talked to Mr. Dondero, had your office or you done any estimate of what the alleged overpayments were? MR. MORRIS: Objection to the form of the question.	Page 389
2 3 4 5	WATERHOUSE - 10-19-21 A. Yes. Q. Okay. And was that late November or early December of 2020? A. It was, I would say, first or second week of November. Q. Okay. Do you recall whether —	2 3 4 5	talked to Mr. Dondero, had your office or you done any estimate of what the alleged overpayments were? MR. MORRIS: Objection to the form of the question. A. Yes, we had – there was a – there	Page 389
2 3 4 5 6	WATERHOUSE - 10-19-21 A. Yes. Q. Okay. And was that late November or early December of 2020? A. It was, I would say, first or second week of November. Q. Okay. Do you recall whether — whenever you had that discussion, whether	2 3 4 5 6	talked to Mr. Dondero, had your office or you done any estimate of what the alleged overpayments were? MR. MORRIS: Objection to the form of the question. A. Yes, we had – there was a – there was a detailed analysis that was put together	Page 389
2 3 4 5 6 7	WATERHOUSE - 10-19-21 A. Yes. Q. Okay. And was that late November or early December of 2020? A. It was, I would say, first or second week of November. Q. Okay. Do you recall whether — whenever you had that discussion, whether Mr. Dondero had already been fired by the	2 3 4 5 6 7	talked to Mr. Dondero, had your office or you done any estimate of what the alleged overpayments were? MR. MORRIS: Objection to the form of the question. A. Yes, we had – there was a – there was a detailed analysis that was put together by David Klos at the time.	Page 389
2 3 4 5 6 7 8 9 10	WATERHOUSE - 10-19-21 A. Yes. Q. Okay. And was that late November or early December of 2020? A. It was, I would say, first or second week of November. Q. Okay. Do you recall whether — whenever you had that discussion, whether Mr. Dondero had already been fired by the debtor?	2 3 4 5 6 7 8	talked to Mr. Dondero, had your office or you done any estimate of what the alleged overpayments were? MR. MORRIS: Objection to the form of the question. A. Yes, we had – there was a – there was a detailed analysis that was put together by David Klos at the time. Q. And do you recall just generally	Page 389
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 A. Yes. Q. Okay. And was that late November or early December of 2020? A. It was, I would say, first or second week of November. Q. Okay. Do you recall whether — whenever you had that discussion, whether Mr. Dondero had already been fired by the debtor? A. Yes, I – I believe he was not an	2 3 4 5 6 7 8 9	talked to Mr. Dondero, had your office or you done any estimate of what the alleged overpayments were? MR. MORRIS: Objection to the form of the question. A. Yes, we had – there was a – there was a detailed analysis that was put together by David Klos at the time.	Page 389
2 3 4 5 6 7 8 9 10	WATERHOUSE - 10-19-21 A. Yes. Q. Okay. And was that late November or early December of 2020? A. It was, I would say, first or second week of November. Q. Okay. Do you recall whether — whenever you had that discussion, whether Mr. Dondero had already been fired by the debtor? A. Yes, I — I believe he was not an employee of the debtor anymore at that time.	2 3 4 5 6 7 8 9 10 11 12	talked to Mr. Dondero, had your office or you done any estimate of what the alleged overpayments were? MR. MORRIS: Objection to the form of the question. A. Yes, we had – there was a – there was a detailed analysis that was put together by David Klos at the time. Q. And do you recall just generally what the total amount for both advisors of the overpayments was?	Page 389
2 3 4 5 6 7 8 9 10	WATERHOUSE - 10-19-21 A. Yes. Q. Okay. And was that late November or early December of 2020? A. It was, I would say, first or second week of November. Q. Okay. Do you recall whether — whenever you had that discussion, whether Mr. Dondero had already been fired by the debtor? A. Yes, I — I believe he was not an employee of the debtor anymore at that time. Q. And when you were discussing this	2 3 4 5 6 7 8 9 10	talked to Mr. Dondero, had your office or you done any estimate of what the alleged overpayments were? MR. MORRIS: Objection to the form of the question. A. Yes, we had – there was a – there was a detailed analysis that was put together by David Klos at the time. Q. And do you recall just generally what the total amount for both advisors of the	Page 389
2 3 4 5 6 7 8 9 10 11 12	WATERHOUSE - 10-19-21 A. Yes. Q. Okay. And was that late November or early December of 2020? A. It was, I would say, first or second week of November. Q. Okay. Do you recall whether — whenever you had that discussion, whether Mr. Dondero had already been fired by the debtor? A. Yes, I — I believe he was not an employee of the debtor anymore at that time.	2 3 4 5 6 7 8 9 10 11 12	talked to Mr. Dondero, had your office or you done any estimate of what the alleged overpayments were? MR. MORRIS: Objection to the form of the question. A. Yes, we had – there was a – there was a detailed analysis that was put together by David Klos at the time. Q. And do you recall just generally what the total amount for both advisors of the overpayments was?	Page 389
2 3 4 5 6 7 8 9 10 11 12 13	WATERHOUSE - 10-19-21 A. Yes. Q. Okay. And was that late November or early December of 2020? A. It was, I would say, first or second week of November. Q. Okay. Do you recall whether — whenever you had that discussion, whether Mr. Dondero had already been fired by the debtor? A. Yes, I — I believe he was not an employee of the debtor anymore at that time. Q. And when you were discussing this	2 3 4 5 6 7 8 9 10 11 12 13	talked to Mr. Dondero, had your office or you done any estimate of what the alleged overpayments were? MR. MORRIS: Objection to the form of the question. A. Yes, we had – there was a – there was a detailed analysis that was put together by David Klos at the time. Q. And do you recall just generally what the total amount for both advisors of the overpayments was? A. It was in excess of \$10 million.	Page 389
2 3 4 5 6 7 8 9 10 11 12 13	WATERHOUSE - 10-19-21 A. Yes. Q. Okay. And was that late November or early December of 2020? A. It was, I would say, first or second week of November. Q. Okay. Do you recall whether — whenever you had that discussion, whether Mr. Dondero had already been fired by the debtor? A. Yes, I — I believe he was not an employee of the debtor anymore at that time. Q. And when you were discussing this with Mr. Dondero and he said no more payments,	2 3 4 5 6 7 8 9 10 11 12 13 14	talked to Mr. Dondero, had your office or you done any estimate of what the alleged overpayments were? MR. MORRIS: Objection to the form of the question. A. Yes, we had – there was a – there was a detailed analysis that was put together by David Klos at the time. Q. And do you recall just generally what the total amount for both advisors of the overpayments was? A. It was in excess of \$10 million. Q. Was it in excess of \$14 million?	Page 389
2 3 4 5 6 7 8 9 10 11 12 13 14 15	WATERHOUSE - 10-19-21 A. Yes. Q. Okay. And was that late November or early December of 2020? A. It was, I would say, first or second week of November. Q. Okay. Do you recall whether — whenever you had that discussion, whether Mr. Dondero had already been fired by the debtor? A. Yes, I — I believe he was not an employee of the debtor anymore at that time. Q. And when you were discussing this with Mr. Dondero and he said no more payments, you were discussing the two shared services	2 3 4 5 6 7 8 9 10 11 12 13 14 15	talked to Mr. Dondero, had your office or you done any estimate of what the alleged overpayments were? MR. MORRIS: Objection to the form of the question. A. Yes, we had – there was a – there was a detailed analysis that was put together by David Klos at the time. Q. And do you recall just generally what the total amount for both advisors of the overpayments was? A. It was in excess of \$10 million. Q. Was it in excess of \$14 million? MR. MORRIS: Objection to the form	Page 389
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	WATERHOUSE - 10-19-21 A. Yes. Q. Okay. And was that late November or early December of 2020? A. It was, I would say, first or second week of November. Q. Okay. Do you recall whether — whenever you had that discussion, whether Mr. Dondero had already been fired by the debtor? A. Yes, I — I believe he was not an employee of the debtor anymore at that time. Q. And when you were discussing this with Mr. Dondero and he said no more payments, you were discussing the two shared services agreements and employee reimbursement	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	talked to Mr. Dondero, had your office or you done any estimate of what the alleged overpayments were? MR. MORRIS: Objection to the form of the question. A. Yes, we had – there was a – there was a detailed analysis that was put together by David Klos at the time. Q. And do you recall just generally what the total amount for both advisors of the overpayments was? A. It was in excess of \$10 million. Q. Was it in excess of \$14 million? MR. MORRIS: Objection to the form of the question.	Page 389
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	WATERHOUSE - 10-19-21 A. Yes. Q. Okay. And was that late November or early December of 2020? A. It was, I would say, first or second week of November. Q. Okay. Do you recall whether — whenever you had that discussion, whether Mr. Dondero had already been fired by the debtor? A. Yes, I — I believe he was not an employee of the debtor anymore at that time. Q. And when you were discussing this with Mr. Dondero and he said no more payments, you were discussing the two shared services agreements and employee reimbursement agreements we testified — you testified about	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	talked to Mr. Dondero, had your office or you done any estimate of what the alleged overpayments were? MR. MORRIS: Objection to the form of the question. A. Yes, we had – there was a – there was a detailed analysis that was put together by David Klos at the time. Q. And do you recall just generally what the total amount for both advisors of the overpayments was? A. It was in excess of \$10 million. Q. Was it in excess of \$14 million? MR. MORRIS: Objection to the form of the question. A. I – I remember it was an	Page 389
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	WATERHOUSE - 10-19-21 A. Yes. Q. Okay. And was that late November or early December of 2020? A. It was, I would say, first or second week of November. Q. Okay. Do you recall whether — whenever you had that discussion, whether Mr. Dondero had already been fired by the debtor? A. Yes, I — I believe he was not an employee of the debtor anymore at that time. Q. And when you were discussing this with Mr. Dondero and he said no more payments, you were discussing the two shared services agreements and employee reimbursement agreements we testified — you testified about before; is that correct?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	talked to Mr. Dondero, had your office or you done any estimate of what the alleged overpayments were? MR. MORRIS: Objection to the form of the question. A. Yes, we had – there was a – there was a detailed analysis that was put together by David Klos at the time. Q. And do you recall just generally what the total amount for both advisors of the overpayments was? A. It was in excess of \$10 million. Q. Was it in excess of \$14 million? MR. MORRIS: Objection to the form of the question. A. I – I remember it was an eight-figure number. I don't remember	Page 389
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	WATERHOUSE - 10-19-21 A. Yes. Q. Okay. And was that late November or early December of 2020? A. It was, I would say, first or second week of November. Q. Okay. Do you recall whether — whenever you had that discussion, whether Mr. Dondero had already been fired by the debtor? A. Yes, I — I believe he was not an employee of the debtor anymore at that time. Q. And when you were discussing this with Mr. Dondero and he said no more payments, you were discussing the two shared services agreements and employee reimbursement agreements we testified — you testified about before; is that correct? MR. MORRIS: Objection to the form	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	talked to Mr. Dondero, had your office or you done any estimate of what the alleged overpayments were? MR. MORRIS: Objection to the form of the question. A. Yes, we had – there was a – there was a detailed analysis that was put together by David Klos at the time. Q. And do you recall just generally what the total amount for both advisors of the overpayments was? A. It was in excess of \$10 million. Q. Was it in excess of \$14 million? MR. MORRIS: Objection to the form of the question. A. I – I remember it was an eight-figure number. I don't remember specifically.	Page 389
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	WATERHOUSE - 10-19-21 A. Yes. Q. Okay. And was that late November or early December of 2020? A. It was, I would say, first or second week of November. Q. Okay. Do you recall whether — whenever you had that discussion, whether Mr. Dondero had already been fired by the debtor? A. Yes, I — I believe he was not an employee of the debtor anymore at that time. Q. And when you were discussing this with Mr. Dondero and he said no more payments, you were discussing the two shared services agreements and employee reimbursement agreements we testified — you testified about before; is that correct? MR. MORRIS: Objection to the form of the question.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	talked to Mr. Dondero, had your office or you done any estimate of what the alleged overpayments were? MR. MORRIS: Objection to the form of the question. A. Yes, we had – there was a – there was a detailed analysis that was put together by David Klos at the time. Q. And do you recall just generally what the total amount for both advisors of the overpayments was? A. It was in excess of \$10 million. Q. Was it in excess of \$14 million? MR. MORRIS: Objection to the form of the question. A. I – I remember it was an eight-figure number. I don't remember specifically. Q. Okay. And did you convey that	Page 389
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	WATERHOUSE - 10-19-21 A. Yes. Q. Okay. And was that late November or early December of 2020? A. It was, I would say, first or second week of November. Q. Okay. Do you recall whether — whenever you had that discussion, whether Mr. Dondero had already been fired by the debtor? A. Yes, I — I believe he was not an employee of the debtor anymore at that time. Q. And when you were discussing this with Mr. Dondero and he said no more payments, you were discussing the two shared services agreements and employee reimbursement agreements we testified — you testified about before; is that correct? MR. MORRIS: Objection to the form of the question. A. That is correct.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	talked to Mr. Dondero, had your office or you done any estimate of what the alleged overpayments were? MR. MORRIS: Objection to the form of the question. A. Yes, we had – there was a – there was a detailed analysis that was put together by David Klos at the time. Q. And do you recall just generally what the total amount for both advisors of the overpayments was? A. It was in excess of \$10 million. Q. Was it in excess of \$14 million? MR. MORRIS: Objection to the form of the question. A. I – I remember it was an eight-figure number. I don't remember specifically. Q. Okay. And did you convey that number to Mr. Dondero when you had that	Page 389
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	WATERHOUSE - 10-19-21 A. Yes. Q. Okay. And was that late November or early December of 2020? A. It was, I would say, first or second week of November. Q. Okay. Do you recall whether — whenever you had that discussion, whether Mr. Dondero had already been fired by the debtor? A. Yes, I — I believe he was not an employee of the debtor anymore at that time. Q. And when you were discussing this with Mr. Dondero and he said no more payments, you were discussing the two shared services agreements and employee reimbursement agreements we testified — you testified about before; is that correct? MR. MORRIS: Objection to the form of the question. A. That is correct. Q. And had your office or you — and we	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	talked to Mr. Dondero, had your office or you done any estimate of what the alleged overpayments were? MR. MORRIS: Objection to the form of the question. A. Yes, we had – there was a – there was a detailed analysis that was put together by David Klos at the time. Q. And do you recall just generally what the total amount for both advisors of the overpayments was? A. It was in excess of \$10 million. Q. Was it in excess of \$14 million? MR. MORRIS: Objection to the form of the question. A. I – I remember it was an eight-figure number. I don't remember specifically. Q. Okay. And did you convey that number to Mr. Dondero when you had that conversation?	Page 389
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	WATERHOUSE - 10-19-21 A. Yes. Q. Okay. And was that late November or early December of 2020? A. It was, I would say, first or second week of November. Q. Okay. Do you recall whether — whenever you had that discussion, whether Mr. Dondero had already been fired by the debtor? A. Yes, I — I believe he was not an employee of the debtor anymore at that time. Q. And when you were discussing this with Mr. Dondero and he said no more payments, you were discussing the two shared services agreements and employee reimbursement agreements we testified — you testified about before; is that correct? MR. MORRIS: Objection to the form of the question. A. That is correct. Q. And had your office or you — and we will talk at a future deposition about the	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	talked to Mr. Dondero, had your office or you done any estimate of what the alleged overpayments were? MR. MORRIS: Objection to the form of the question. A. Yes, we had – there was a – there was a detailed analysis that was put together by David Klos at the time. Q. And do you recall just generally what the total amount for both advisors of the overpayments was? A. It was in excess of \$10 million. Q. Was it in excess of \$14 million? MR. MORRIS: Objection to the form of the question. A. I – I remember it was an eight-figure number. I don't remember specifically. Q. Okay. And did you convey that number to Mr. Dondero when you had that conversation? A. Yes.	Page 389

Page 3 1 WATERHOUSE - 10-19-21	90 1	Page 391
2 Q. Is it fair to say he was upset?	2 word "NexPoint" when he was saying don't make	
3 A. Yes.	3 these payments?	
4 Q. Did Mr. Dondero ever expressly tell	4 MR. MORRIS: Objection to the form	
5 you to not have NexPoint make the required	5 of the question, asked and answered.	
6 December 31, 2020, payment?	6 A. Yeah, we were – we were discussing	
7 A. Yes, I recall him saying don't make	7 advisor obligations. So it was – you know, it	
8 the payment because it was being negotiated, as	8 was just obligations from the advisors.	
9 I discussed with Mr. Morris, this offset	9 And – and he specifically talked	
10 concept. So there were obligations due by the	10 about the NexPoint payment as well.	
11 advisors to Highland, they should be offset	11 Q. Okay. And it is your testimony that	
12 that – you know, those obligations should be	12 he expressly told you not to make that NexPoint	
13 offset by this – by this overpayment.	13 December 31 payment?	
14 Q. And when did he tell you that?	14 MR. MORRIS: Objection, asked and	
15 A. I would say – I would say around –	15 answered twice.	
16 probably December December-ish.	16 A. Yes, he – he did, during that	
17 Q. Early December, late December?	17 conversation.	
18 A. I don't recall with as much	18 Q. And did you ever follow up with him	
19 specificity as – as – as – as stopping the	19 after that about whether NexPoint should or	
20 shared services payments, because we had	20 shouldn't make that payment?	
21 actually made one shared services payment in	21 A. I did not.	
22 November. So that is why I need to remember	22 Q. Did you ever, on or about	
23 that one more clearly. I don't remember where	23 December 31, 2020, remind him and say, hey,	
24 exactly in December that conversation occurred.	24 this payment is due, what shall I – what	
25 Q. Did Mr. Dondero expressly use the	25 should I do?	
Page 3		Page 393
	2 on your cell phone of when that conversation3 might have taken place?	
Q. So sitting here today, you – you remember distinctly that Dondero in December of	4 I'm sorry, strike that.	
5 2020 expressly told you not to have NexPoint	5 Was that by cell phone?	
6 make that payment?	6 A. I believe – yes, because we – I	
7 MR. MORRIS: Objection, asked and	7 was at home. I mean, I don't have a landline.	
8 answered three times.	8 All I have is my cell phone.	
9 A. Yes.	9 Q. Do you know whether your cell phone	
10 Q. Can you say categorically it wasn't	10 still has records of conversations from	
11 just some general discussion where he told you	11 December 2020 on it?	
12 not to make payments?	12 A. My call log doesn't go back that	
13 MR. MORRIS: Objection, asked and	13 far.	
14 answer four times.	14 Q. Okay. Thank you.	
15 MR. HORN: Four times now. Go for	15 MR. RUKAVINA: I will pass the	
16 five.	16 witness.	
17 A. Yes.	17 MS. DEITSCH-PEREZ: Just a couple	
18 Q. Did you tell Mr. Seery that?	18 quick questions.	
19 A. I don't believe I did. I don't	19 FURTHER EXAMINATION	
20 recall.	20 BY MS. DEITSCH-PEREZ:	
21 Q. And was this an in-person discussion	21 Q. With respect to HCRE and HCMS, am I	
22 or telephone or email? Do you remember?	22 correct there was - there was no direction not	
23 A. This was a phone – a phone	23 to pay those loan payments?	
24 conversation.	24 MR. MORRIS: Objection to the form	
25 Q. Okay. Would you have a record of –	25 of the question.	

_	Pag	ge 394		Page 395
1	WATERHOUSE - 10-19-21	·	WATERHOUSE - 10-19-21	rage 393
2	A. Yes, I don't recall having	:	2 Thank you, Mr. Waterhouse. We appreciate	
3	conversations about, you know, those – those		your time. I am logging off the discussion	
4	entities.		and I will talk to y'all tomorrow.	
5	Q. And, in fact, what was the tone that		MR. MORRIS: Super.	
6	Mr. Dondero had when he talked to you about the		VIDEOGRAPHER: If there are no	
7	fact that HCRE and HCMS payments hadn't been		further questions, this ends the	
8	made when he found out that they hadn't been		deposition – excuse me. This ends the	
Ι.	paid?		deposition, and we are going off the record	
9	•			
10	MS. DANDENEAU: Objection to form.		0 at 7:30 p.m.	
11	MR. MORRIS: Objection to form.	1	` '	
12	Q. What was the tone he took with you?	I	2	
13	A. Oh, it was – it was – it		3	
14	was very negative. I mean, I think he cursed		FRANK WATERHOUSE	
15	at me and he doesn't usually curse.		5	
16	Q. Okay. And in your mind, is that		6 Subscribed and sworn to before me	
17	consistent with the fact that he was surprised		7 this day of 2021.	
18	that those payments hadn't been made?	1	8	
19	MR. MORRIS: Objection to the form	1	9	
20	of the question.	2	0	
21	A. Yes.	2	1	
22	Q. Okay. Thank you.	2	2	
23	MR. MORRIS: I have nothing further.	2	3	
24	Thank you so much, Mr. Waterhouse.	2	4	
25	MR. HORN: I have no questions.	2	5	
_	Dee			Daga 207
1	Pag WATERHOUSE - 10-19-21	ge 396	WATERHOUSE - 10-19-21	Page 397
1 2		ge 396	WATERHOUSE - 10-19-21 NAME OF CASE: In re: Highland Capital	Page 397
l	WATERHOUSE - 10-19-21	ge 396		Page 397
2	WATERHOUSE - 10-19-21	ge 396	NAME OF CASE: In re: Highland Capital DATE OF DEPOSITION: October 19, 2021	Page 397
2	WATERHOUSE - 10-19-21 CERTIFICATE	ge 396	NAME OF CASE: In re: Highland Capital DATE OF DEPOSITION: October 19, 2021	Page 397
2 3 4 5	WATERHOUSE - 10-19-21 CERTIFICATE I, SUSAN S. KLINGER, a certified shorthand reporter within and for the State of Texas, do	ge 396	2 NAME OF CASE: In re: Highland Capital 3 DATE OF DEPOSITION: October 19, 2021 4 NAME OF WITNESS: Frank Waterhouse 5 Reason Codes:	Page 397
2 3 4 5	WATERHOUSE - 10-19-21 CERTIFICATE I, SUSAN S. KLINGER, a certified shorthand reporter within and for the State of Texas, do hereby certify:	ge 396	P. NAME OF CASE: In re: Highland Capital B. DATE OF DEPOSITION: October 19, 2021 RAME OF WITNESS: Frank Waterhouse Reason Codes: 1. To clarify the record.	Page 397
2 3 4 5	WATERHOUSE - 10-19-21 CERTIFICATE I, SUSAN S. KLINGER, a certified shorthand reporter within and for the State of Texas, do hereby certify: That FRANK WATERHOUSE, the witness whose	ge 396	2. NAME OF CASE: In re: Highland Capital 3. DATE OF DEPOSITION: October 19, 2021 4. NAME OF WITNESS: Frank Waterhouse 5. Reason Codes: 6. 1. To clarify the record. 7. 2. To conform to the facts.	Page 397
2 3 4 5 6 7 8	WATERHOUSE - 10-19-21 CERTIFICATE I, SUSAN S. KLINGER, a certified shorthand reporter within and for the State of Texas, do hereby certify: That FRANK WATERHOUSE, the witness whose deposition is hereinbefore set forth, was duly	ge 396	P. NAME OF CASE: In re: Highland Capital B. DATE OF DEPOSITION: October 19, 2021 B. NAME OF WITNESS: Frank Waterhouse B. Reason Codes: B. To clarify the record. C. To conform to the facts. C. To correct transcription errors.	Page 397
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 CERTIFICATE I, SUSAN S. KLINGER, a certified shorthand reporter within and for the State of Texas, do hereby certify: That FRANK WATERHOUSE, the witness whose deposition is hereinbefore set forth, was duly sworn by me and that such deposition is a true	ge 396	P. NAME OF CASE: In re: Highland Capital BDATE OF DEPOSITION: October 19, 2021 NAME OF WITNESS: Frank Waterhouse Reason Codes: 1. To clarify the record. 2. To conform to the facts. 3. To correct transcription errors. Page Line Reason	Page 397
2 3 4 5 6 7 8 9	WATERHOUSE - 10-19-21 CERTIFICATE I, SUSAN S. KLINGER, a certified shorthand reporter within and for the State of Texas, do hereby certify: That FRANK WATERHOUSE, the witness whose deposition is hereinbefore set forth, was duly sworn by me and that such deposition is a true record of the testimony given by such witness.	ge 396	P. NAME OF CASE: In re: Highland Capital B. DATE OF DEPOSITION: October 19, 2021 B. NAME OF WITNESS: Frank Waterhouse B. Reason Codes: B. To clarify the record. C. To conform to the facts. C. To correct transcription errors. C. Page Line Reason D. From to	Page 397
2 3 4 5 6 7 8 9 10	WATERHOUSE - 10-19-21 CERTIFICATE I, SUSAN S. KLINGER, a certified shorthand reporter within and for the State of Texas, do hereby certify: That FRANK WATERHOUSE, the witness whose deposition is hereinbefore set forth, was duly sworn by me and that such deposition is a true record of the testimony given by such witness. I further certify that I am not related to	ge 396	PART OF CASE: In re: Highland Capital B DATE OF DEPOSITION: October 19, 2021 NAME OF WITNESS: Frank Waterhouse Reason Codes: 1. To clarify the record. 2. To conform to the facts. 3. To correct transcription errors. PageLineReason	Page 397
2 3 4 5 6 7 8 9 10 11 12	WATERHOUSE - 10-19-21 CERTIFICATE I, SUSAN S. KLINGER, a certified shorthand reporter within and for the State of Texas, do hereby certify: That FRANK WATERHOUSE, the witness whose deposition is hereinbefore set forth, was duly sworn by me and that such deposition is a true record of the testimony given by such witness. I further certify that I am not related to any of the parties to this action by blood or	ge 396	P. NAME OF CASE: In re: Highland Capital BDATE OF DEPOSITION: October 19, 2021 NAME OF WITNESS: Frank Waterhouse Reason Codes: 1. To clarify the record. 2. To conform to the facts. 3. To correct transcription errors. PageLineReason	Page 397
2 3 4 5 6 7 8 9 10 11 12 13	WATERHOUSE - 10-19-21 CERTIFICATE I, SUSAN S. KLINGER, a certified shorthand reporter within and for the State of Texas, do hereby certify: That FRANK WATERHOUSE, the witness whose deposition is hereinbefore set forth, was duly sworn by me and that such deposition is a true record of the testimony given by such witness. I further certify that I am not related to any of the parties to this action by blood or marriage; and that I am in no way interested in	ge 396	P. NAME OF CASE: In re: Highland Capital B. DATE OF DEPOSITION: October 19, 2021 NAME OF WITNESS: Frank Waterhouse Reason Codes: 1. To clarify the record. 2. To conform to the facts. 3. To correct transcription errors. PageLineReason	Page 397
2 3 4 5 6 7 8 9 10 11 12 13 14	WATERHOUSE - 10-19-21 CERTIFICATE I, SUSAN S. KLINGER, a certified shorthand reporter within and for the State of Texas, do hereby certify: That FRANK WATERHOUSE, the witness whose deposition is hereinbefore set forth, was duly sworn by me and that such deposition is a true record of the testimony given by such witness. I further certify that I am not related to any of the parties to this action by blood or marriage; and that I am in no way interested in the outcome of this matter.	ge 396	P. NAME OF CASE: In re: Highland Capital BDATE OF DEPOSITION: October 19, 2021 RAME OF WITNESS: Frank Waterhouse Reason Codes: 1. To clarify the record. 2. To conform to the facts. 3. To correct transcription errors. PageLineReason	Page 397
2 3 4 5 6 7 8 9 10 11 12 13 14 15	WATERHOUSE - 10-19-21 CERTIFICATE I, SUSAN S. KLINGER, a certified shorthand reporter within and for the State of Texas, do hereby certify: That FRANK WATERHOUSE, the witness whose deposition is hereinbefore set forth, was duly sworn by me and that such deposition is a true record of the testimony given by such witness. I further certify that I am not related to any of the parties to this action by blood or marriage; and that I am in no way interested in the outcome of this matter. IN WITNESS WHEREOF, I have hereunto set my	ge 396	PAGE OF CASE: In re: Highland Capital BDATE OF DEPOSITION: October 19, 2021 NAME OF WITNESS: Frank Waterhouse Reason Codes: 1. To clarify the record. 2. To conform to the facts. 3. To correct transcription errors. Page Line Reason From to Page Line Reason	Page 397
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	WATERHOUSE - 10-19-21 CERTIFICATE I, SUSAN S. KLINGER, a certified shorthand reporter within and for the State of Texas, do hereby certify: That FRANK WATERHOUSE, the witness whose deposition is hereinbefore set forth, was duly sworn by me and that such deposition is a true record of the testimony given by such witness. I further certify that I am not related to any of the parties to this action by blood or marriage; and that I am in no way interested in the outcome of this matter.	ge 396	PARE OF CASE: In re: Highland Capital BDATE OF DEPOSITION: October 19, 2021 NAME OF WITNESS: Frank Waterhouse Reason Codes: 1. To clarify the record. 2. To conform to the facts. 3. To correct transcription errors. Page Line Reason Page Line Reason From to Page Line Reason	Page 397
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	WATERHOUSE - 10-19-21 CERTIFICATE I, SUSAN S. KLINGER, a certified shorthand reporter within and for the State of Texas, do hereby certify: That FRANK WATERHOUSE, the witness whose deposition is hereinbefore set forth, was duly sworn by me and that such deposition is a true record of the testimony given by such witness. I further certify that I am not related to any of the parties to this action by blood or marriage; and that I am in no way interested in the outcome of this matter. IN WITNESS WHEREOF, I have hereunto set my	ge 396	PAGE OF CASE: In re: Highland Capital DATE OF DEPOSITION: October 19, 2021 NAME OF WITNESS: Frank Waterhouse Reason Codes: 1. To clarify the record. 2. To conform to the facts. 3. To correct transcription errors. Page Line Reason Prom to Page Line Reason From to Page Line Reason	Page 397
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	WATERHOUSE - 10-19-21 CERTIFICATE I, SUSAN S. KLINGER, a certified shorthand reporter within and for the State of Texas, do hereby certify: That FRANK WATERHOUSE, the witness whose deposition is hereinbefore set forth, was duly sworn by me and that such deposition is a true record of the testimony given by such witness. I further certify that I am not related to any of the parties to this action by blood or marriage; and that I am in no way interested in the outcome of this matter. IN WITNESS WHEREOF, I have hereunto set my hand this 19th of October, 2021.	ge 396	PAGE OF CASE: In re: Highland Capital BDATE OF DEPOSITION: October 19, 2021 NAME OF WITNESS: Frank Waterhouse Reason Codes: 1. To clarify the record. 2. To conform to the facts. 3. To correct transcription errors. Page Line Reason From to Page Line Reason	Page 397
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	WATERHOUSE - 10-19-21 CERTIFICATE I, SUSAN S. KLINGER, a certified shorthand reporter within and for the State of Texas, do hereby certify: That FRANK WATERHOUSE, the witness whose deposition is hereinbefore set forth, was duly sworn by me and that such deposition is a true record of the testimony given by such witness. I further certify that I am not related to any of the parties to this action by blood or marriage; and that I am in no way interested in the outcome of this matter. IN WITNESS WHEREOF, I have hereunto set my hand this 19th of October, 2021.	ge 396	PAGE OF CASE: In re: Highland Capital BDATE OF DEPOSITION: October 19, 2021 NAME OF WITNESS: Frank Waterhouse Reason Codes: 1. To clarify the record. 2. To conform to the facts. 3. To correct transcription errors. Page Line Reason From to Page Line Reason	Page 397
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	WATERHOUSE - 10-19-21 CERTIFICATE I, SUSAN S. KLINGER, a certified shorthand reporter within and for the State of Texas, do hereby certify: That FRANK WATERHOUSE, the witness whose deposition is hereinbefore set forth, was duly sworn by me and that such deposition is a true record of the testimony given by such witness. I further certify that I am not related to any of the parties to this action by blood or marriage; and that I am in no way interested in the outcome of this matter. IN WITNESS WHEREOF, I have hereunto set my hand this 19th of October, 2021.	ge 396	2. NAME OF CASE: In re: Highland Capital 3. DATE OF DEPOSITION: October 19, 2021 4. NAME OF WITNESS: Frank Waterhouse 5. Reason Codes: 6. 1. To clarify the record. 7. 2. To conform to the facts. 8. 3. To correct transcription errors. 9. Page Line Reason 10. From to 11. Page Line Reason 12. From to 13. Page Line Reason 14. From to 15. Page Line Reason 16. From to 17. Page Line Reason 18. From to 19. Page Line Reason 19. From to 10. From to	Page 397
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	WATERHOUSE - 10-19-21 CERTIFICATE I, SUSAN S. KLINGER, a certified shorthand reporter within and for the State of Texas, do hereby certify: That FRANK WATERHOUSE, the witness whose deposition is hereinbefore set forth, was duly sworn by me and that such deposition is a true record of the testimony given by such witness. I further certify that I am not related to any of the parties to this action by blood or marriage; and that I am in no way interested in the outcome of this matter. IN WITNESS WHEREOF, I have hereunto set my hand this 19th of October, 2021.	ge 396	PAGE OF CASE: In re: Highland Capital BDATE OF DEPOSITION: October 19, 2021 NAME OF WITNESS: Frank Waterhouse Reason Codes: 1. To clarify the record. 2. To conform to the facts. 3. To correct transcription errors. Page Line Reason From to Page Line Reason	Page 397
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	WATERHOUSE - 10-19-21 CERTIFICATE I, SUSAN S. KLINGER, a certified shorthand reporter within and for the State of Texas, do hereby certify: That FRANK WATERHOUSE, the witness whose deposition is hereinbefore set forth, was duly sworn by me and that such deposition is a true record of the testimony given by such witness. I further certify that I am not related to any of the parties to this action by blood or marriage; and that I am in no way interested in the outcome of this matter. IN WITNESS WHEREOF, I have hereunto set my hand this 19th of October, 2021.	ge 396	PAGE OF CASE: In re: Highland Capital BDATE OF DEPOSITION: October 19, 2021 NAME OF WITNESS: Frank Waterhouse Reason Codes: 1. To clarify the record. 2. To conform to the facts. 3. To correct transcription errors. Page Line Reason From to Page Line Reason	Page 397
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	WATERHOUSE - 10-19-21 CERTIFICATE I, SUSAN S. KLINGER, a certified shorthand reporter within and for the State of Texas, do hereby certify: That FRANK WATERHOUSE, the witness whose deposition is hereinbefore set forth, was duly sworn by me and that such deposition is a true record of the testimony given by such witness. I further certify that I am not related to any of the parties to this action by blood or marriage; and that I am in no way interested in the outcome of this matter. IN WITNESS WHEREOF, I have hereunto set my hand this 19th of October, 2021.	ge 396	PAGE OF CASE: In re: Highland Capital BDATE OF DEPOSITION: October 19, 2021 NAME OF WITNESS: Frank Waterhouse Reason Codes: 1. To clarify the record. 2. To conform to the facts. 3. To correct transcription errors. Page Line Reason From to Page Line Reason	Page 397
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	WATERHOUSE - 10-19-21 CERTIFICATE I, SUSAN S. KLINGER, a certified shorthand reporter within and for the State of Texas, do hereby certify: That FRANK WATERHOUSE, the witness whose deposition is hereinbefore set forth, was duly sworn by me and that such deposition is a true record of the testimony given by such witness. I further certify that I am not related to any of the parties to this action by blood or marriage; and that I am in no way interested in the outcome of this matter. IN WITNESS WHEREOF, I have hereunto set my hand this 19th of October, 2021.	ge 396	2. NAME OF CASE: In re: Highland Capital 3. DATE OF DEPOSITION: October 19, 2021 4. NAME OF WITNESS: Frank Waterhouse 5. Reason Codes: 6. 1. To clarify the record. 7. 2. To conform to the facts. 8. 3. To correct transcription errors. 9. Page Line Reason	Page 397
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	WATERHOUSE - 10-19-21 CERTIFICATE I, SUSAN S. KLINGER, a certified shorthand reporter within and for the State of Texas, do hereby certify: That FRANK WATERHOUSE, the witness whose deposition is hereinbefore set forth, was duly sworn by me and that such deposition is a true record of the testimony given by such witness. I further certify that I am not related to any of the parties to this action by blood or marriage; and that I am in no way interested in the outcome of this matter. IN WITNESS WHEREOF, I have hereunto set my hand this 19th of October, 2021.	ge 396	PART OF CASE: In re: Highland Capital BDATE OF DEPOSITION: October 19, 2021 NAME OF WITNESS: Frank Waterhouse Reason Codes: 1. To clarify the record. 2. To conform to the facts. 3. To correct transcription errors. Page Line Reason From to Page Line Reason	Page 397

Index: \$1,406,000..2

	287:15 288:6,20	129:1 130:1 131:1	297:1 298:1 299:1	12/31 6:8
\$	303:6,18,24 304:11,	132:1 133:1 134:1	300:1 301:1 302:1	
	20 305:23 306:2	135:1 136:1 137:1	303:1 304:1 305:1	12/31/18 117:12
\$1,406,000 343:10	307:7 308:20 310:17	138:1 139:1 140:1	306:1 307:1 308:1	122:12 135:21 261:22
\$1,406,112 343:13	317:6 318:14	141:1 142:1 143:1	309:1 310:1 311:1	
, ,	\$7.8 278:6,7	144:1 145:1 146:1	312:1 313:1 314:1	12/31/19 219:16
\$1.04 109:15	\$8 277:16	147:1 148:1 149:1 150:1 151:1 152:1	315:1 316:1 317:1 318:1 319:1 320:1	12/31/2018 93:15
\$1.4 344:5 345:11	ψο 211.10	153:1 154:1 155:1	321:1 322:1 323:1	12/31/2019 260:13
350:7 351:22		156:1 157:1 158:1	324:1 325:1 326:1	
\$1.5 223:17	1	159:1 160:1 161:1	327:1 328:1 329:1	12/31/2020 361:15
	4 0 0 05 47 400 00	162:1 163:1 164:1	330:1 331:1 332:1	12th 341:18 344:3
\$1.7 92:22	1 8:9 35:17 139:22 140:12,13 215:25	165:1 166:1 167:1	333:1 334:1 335:1	350:5,9,13,24 351:20
\$10 389:13	216:3,7,12 238:8	168:1 169:1 170:1	336:1 337:1 338:1	135 6:2
\$10.5 308:16	260:20,23 261:15	171:1 172:1 173:1 174:1 175:1 176:1	339:1 340:1 341:1 342:1 343:1 344:1	
	328:10,11,12 343:19	177:1 178:1 179:1	345:1 346:1 347:1	14-ish 286:21
\$12.7 311:2 317:10	1/12 6:9	180:1 181:1 182:1	348:1 349:1 350:1	142 5:15
\$13 310:23		183:1 184:1 185:1	351:1 352:1 353:1	15 73:3 200:4 202:13,
\$14 389:14	10 5:6 197:4,7,9,15	186:1 187:1 188:1	354:1 355:1 356:1	23 203:3 210:6
	198:2 266:20 267:3	189:1 190:1 191:1	357:1 358:1 359:1	213:18 221:23
\$150 239:10	302:7	192:1 193:1 194:1	360:1 361:1 362:1	15(c) 5:21 160:11
\$173,398,000 107:7	10-19-21 3:1 4:1 5:1	195:1 196:1 197:1 198:1 199:1 200:1	363:1 364:1 365:1 366:1 367:1 368:1	169:21,23 170:4,8,10
\$2.4 140:14 141:9,18	6:1 7:1 8:1 9:1 10:1	201:1 202:1 203:1	369:1 370:1 371:1	171:6 175:3,9 176:23
270:20 271:7,16	11:1 12:1 13:1 14:1	204:1 205:1 206:1	372:1 373:1 374:1	179:20 184:5 195:9
272:8 283:18 315:13	15:1 16:1 17:1 18:1 19:1 20:1 21:1 22:1	207:1 208:1 209:1	375:1 376:1 377:1	210:12,21
\$23 220:24	23:1 24:1 25:1 26:1	210:1 211:1 212:1	378:1 379:1 380:1	150 239:24
	27:1 28:1 29:1 30:1	213:1 214:1 215:1	381:1 382:1 383:1	
\$24 178:19	31:1 32:1 33:1 34:1	216:1 217:1 218:1	384:1 385:1 386:1	150,331,222 243:23
\$24.5 309:25	35:1 36:1 37:1 38:1	219:1 220:1 221:1	387:1 388:1 389:1	151 5:20
	39:1 40:1 41:1 42:1	222:1 223:1 224:1 225:1 226:1 227:1	390:1 391:1 392:1 393:1 394:1 395:1	15th 203:15
\$30 161:25 220:13,20 223:7 224:2 334:7,19	43:1 44:1 45:1 46:1	228:1 229:1 230:1		
336:13,23 337:25	47:1 48:1 49:1 50:1 51:1 52:1 53:1 54:1	231:1 232:1 233:1	10.5 308:22	16 224:5
339:4 340:10 341:23	55:1 56:1 57:1 58:1	234:1 235:1 236:1	100 108:23 298:15	17 89:16 109:19
\$30.7 216:17	59:1 60:1 61:1 62:1	237:1 238:1 239:1	10010 4:21	110:8 137:24
	63:1 64:1 65:1 66:1	240:1 241:1 242:1		170 5:21
\$325,000 331:14	67:1 68:1 69:1 70:1	243:1 244:1 245:1	10017 3:10	173 110:14
332:16,24	71:1 72:1 73:1 74:1	246:1 247:1 248:1 249:1 250:1 251:1	10:08 36:15,16	
\$400 239:24	75:1 76:1 77:1 78:1	252:1 253:1 254:1	10:11 36:16,18	18 89:16
\$410 238:9 239:12	79:1 80:1 81:1 82:1 83:1 84:1 85:1 86:1	255:1 256:1 257:1		1900 3:15
	87:1 88:1 89:1 90:1	258:1 259:1 260:1	11/25 6:7	19th 8:19 21:7
\$5 142:19 270:20 271:6 272:7 283:18	91:1 92:1 93:1 94:1	261:1 262:1 263:1	11/30 332:24	
315:13	95:1 96:1 97:1 98:1	264:1 265:1 266:1	11:02 72:25 73:2,5,6	1:04 150:24,25
	99:1 100:1 101:1	267:1 268:1 269:1		1:49 150:25 151:3
\$5.3 119:23 310:17	102:1 103:1 104:1	270:1 271:1 272:1 273:1 274:1 275:1	11:15 73:3 342:14	1c 238:12
\$7 217:16,19 221:7	105:1 106:1 107:1	276:1 277:1 278:1	11:20 73:6,8	
277:11,20	108:1 109:1 110:1 111:1 112:1 113:1	279:1 280:1 281:1	11:40 344:14	1st 14:8
\$7.2 302:22	114:1 115:1 116:1	282:1 283:1 284:1		
	117:1 118:1 119:1	285:1 286:1 287:1	11th 152:18,25	2
\$7.4 131:13 132:8	120:1 121:1 122:1	288:1 289:1 290:1	12/1 332:10	
		291:1 292:1 293:1		2 5.45 25.40 440.40
138:12 143:12 144:6, 17,23 272:16 273:6	123:1 124:1 125:1 126:1 127:1 128:1	294:1 295:1 296:1	12/19 5:25	2 5:15 35:18 140:18 142:15,16,22 171:10

Index: 2.4..780

172:8 174:13 179:4 195:11,14 215:22,23 216:3,4,5,8,25 338:12

2.4 268:23 282:15

2/18 5:22

20 15:25 271:14

2006 18:15

2011 19:2,4,22

2012 19:2,4 95:25

2013 52:7

2014 20:2

2016 23:19 25:13 87:8,20,24 89:15,16

2017 126:12 161:23 165:22 216:16 220:14 222:10 223:7 224:2.12

2018 105:19 109:14, 20 119:21 165:18 186:25 202:19 203:9 228:3,23 242:18,23 243:12 244:14,18 262:5,15 279:12

2019 6:4 21:7 98:17 99:25 103:2 125:18 126:2 131:10 132:6, 21 133:12 134:5,17, 23 137:6 138:12,20 139:18 140:14 141:5 142:18 152:18.25 165:15 180:24 181:4, 9,16,23 182:8,16 200:4,7 201:22 202:13,23 203:3,15 204:10 210:7 213:9, 19 218:21 219:7,12, 24 220:19,22 221:6 222:4,12 223:4,14 242:23 258:21 262:17 263:13,14,20, 24 265:3 269:5,24 270:12,18 271:3,14 272:4,15 273:4 279:12 280:10,20 282:23 287:4 293:19

299:4 301:2,8,16,18

315:19 316:14 321:6

313:3 314:13,23

2020 59:7.9 68:15 70:17 160:7.14.22 165:14 169:17,20 171:19 173:24 175:8 176:10 179:24 183:7. 14 186:12,14 189:13 195:20 196:3,17 200:24 204:20 207:16 221:11,16,21 258:20 265:6,11 307:24 314:21 316:16 323:10 326:4, 12,14 327:5,9 328:16 330:15 334:23 335:7 336:11,20 337:12 338:15,24 341:9 343:2 346:10 359:3 360:17,19 361:6,24 364:4 366:9,10 367:15,20 377:21 378:10,11 379:16,21 382:24 388:4 390:6 391:23 392:5 393:11

2021 8:19 14:8 19:5 37:2.10.19 38:2 70:21 71:3,5,12 121:13,22 122:19,24 163:2,7,8 165:5,9 166:2 173:18 176:24 187:3 198:21 199:7, 12.20 200:14 201:2 203:4,21 210:2,23 212:19 219:11,13,17 226:4 301:24 314:8 315:21 316:7,19 326:9 340:21 341:6 350:6,9 361:25 362:3,7 364:8 365:2 367:15 383:23 395:17

20th 160:5

21 78:3

21-03000-SGI 8:15

21-3004 197:18 215:4

215 106:2

218 6:4

226 5:22

228 8:22

23 178:19

236 5:23

241 110:23

25 260:12 328:16 329:14

25-year 347:7

251 129:16,22

256 5:7

258 5:25

25th 329:19

297 6:10

2nd 132:20 141:5 213:9 315:18

3

3 220:2

30 7:19 16:3 186:16 356:9

302 6:12

307 6:11

309 6:13

30th 176:10,24 331:12 332:3 380:18

31 122:19 197:20,24 198:7,9 199:7,12 200:24 201:2 203:4 301:18,24 307:24 326:4 338:15,24 341:9 346:9,21 390:6 391:13,23

3102 4:7

31st 105:18 109:14 119:21 121:13 122:23 199:20 200:14 202:19 203:9, 21 212:19 216:16 218:21 219:7 221:15, 21 242:18 258:20 263:14 326:8,12,14 334:15

328 6:7

33 5:16 91:20,21

33416 100:10

338 6:8

34 5:18 104:23.24

341 6:9

35 5:20 15:20,22 100:10 151:20,21

352 5:8

35D 101:10,19

36 5:21 102:18 170:18,19 177:18 313:9 317:12

377 5:9

387 5:10

39 5:22 226:23,24 236:17

393 5:11

3:26 224:20,23,24

3:39 224:24 225:2

3:40 224:21

3rd 92:2 98:17 99:25 103:2 132:20,25 135:2 137:6 142:18 200:7 213:9 242:23 262:17 263:13 265:3 315:19

4

40 5:23 236:22,23 237:19

406 343:19

41 5:25 258:16,18

419 103:11

45 6:2 135:12,14,15

45th 8:23

46 6:4 218:16,17

4:30 265:25

4:31 266:5,6

4:40 266:2

4:43 266:6,8

4th 135:2

5

5 268:22 271:15 282:14

5.3 121:3,6 124:17 308:21 311:4

500 3:23

51 4:20

5:52 172:4 174:6

5:53 325:7,8

5:59 325:8,10

6

6 183:7 186:14 217:16,19 314:20 316:16 341:13

6/3/19 5:16

6/30 176:8.16

60-day 380:16

650 4:13

6:27 349:6,7

6:30 349:7,9

6th 172:4 174:6 186:11 189:13

7

7 277:15,16 297:20 305:5

7.4 132:2 311:4

7.8 277:12

70130 4:14

71 238:20

71A 6:13

75 18:2

75201 3:16

75201-6659 3:24

75219 4:8

780 3:9

Index: 7:02..agreement

7:02 372:14,15 7:03 372:15,17 7:30 395:10,11

8

8/31 6:11

850 100:25 101:2,4,9

9

9 307:18,19,20

90 18:4

91 5:16

94 5:18

99 86:14

9:32 8:20

9th 70:16

Α

a.m. 8:20 36:15,16,18 73:5,6,8 342:14 344:14

A1 6:7 328:13

A10 6:12 302:7,8

A11 6:13 309:4,5,6

A2 6:8 338:13

A6 6:9 341:14

A7 6:10 297:20,23

A9 6:11 307:20,21

abilities 265:12

ability 20:17 42:6 124:3 204:15 272:6 327:16 372:5 382:13

absolute 109:2

accelerate 340:10,

accelerated 339:4 347:7

acceleration 339:6, 10,15 340:13,17,24

accept 16:17 152:23 188:19

accepted 241:14 277:19

accepting 153:16

accepts 8:6

access 294:24 359:19,21 360:9,14 372:21 373:13

accordance 241:13, 25 242:4 254:10 256:21

account 287:17 328:6,9 359:14 360:6,14,22 367:22 371:9

accountant 21:17 25:20 116:12 370:14

accountants 147:22

accounting 26:2,4, 7,17 28:16 38:24 87:12,14,17 112:10, 11 148:23 149:2,14 150:14,19 188:11 200:17 230:16,18,21 240:19 241:14 257:22,24,25 258:12, 13 280:6 290:13 326:18,21 337:2,7 351:2 354:7,11,22 358:3 371:5 372:3 378:15

accounts 244:9 327:10,12,17,21 329:17 330:10,12,20 331:4 333:7 359:19, 22

accuracy 113:17 114:17 115:2

accurate 88:7,11,17 89:13,23 90:2,6 110:16 112:19 133:5 176:17 204:4 238:4 256:10 257:4 284:24 286:6 330:20,24

accurately 240:9,14 accusations 157:18

acknowledgment

6:12 201:13,25 213:6,17 314:21

acting 23:23 24:2,3,8 28:5,8,12,18,20 29:5, 9,11 30:14,16,24 31:2,3,5 155:6,9,14 156:4,12 158:3,9,11

action 374:20 383:17

actions 9:7 347:25

actively 337:11,12 346:19,25

actual 115:21 311:25 312:12

add 183:23

added 183:24

addition 333:7

additional 171:6

adequately 335:24

adjustment 242:7 263:4

adjustments 36:4 240:21 241:18 243:5 244:19 245:20

administrative 321:17 388:24

admissible 7:17

admitted 276:24

advance 57:21 60:21 61:5,10 62:21 63:5 267:8 355:25

adversary 197:18

advice 172:7 205:7 257:2

advisor 125:8,15 192:25 193:15 205:10 273:23 281:6 282:5 311:25 312:5,6 328:7 331:22,23 391:7

advisor's 337:17

advisors 3:17,18 9:21,22 22:22 27:10 29:10,12 32:18,20,25 33:24 39:2 42:21,22 44:6,7 58:8,14,15,18 125:3 126:10.13.16 127:10 152:14 160:10 167:13 168:19 171:14 172:18 175:7.13 178:11 179:18,21 183:7,18 184:15,19, 22 189:23 190:9,12, 19 191:2 192:25 193:8,19 194:3,21 195:10 196:8,22 205:7,12,23 206:14 208:4,7 210:5 213:22 215:14 235:9 267:24 268:16 279:19 280:2 286:18 308:4 325:15, 21,22 328:7,25 329:3 332:14 333:23 335:15 336:7 337:14 353:20 379:19,24 380:2,10,22 381:2,6, 11,16 389:11 390:11 391:8

advisors' 168:9 179:8,25 180:9 184:3 194:17 218:19 328:9

advisory 32:21 33:24

affect 371:17

affected 265:12 277:20 370:23

affidavit 164:10

affiliate 41:18 42:2.4 44:12,16 47:25 48:9, 22 49:5,6,10 51:17 54:17 57:19 58:3 60:14,21 61:4 62:9, 20 63:3,15,22 64:6, 10,16,24 65:18 78:18 93:21 94:6 100:25 105:8 107:2,13,21 108:3,7 109:10 131:2 171:14 220:6 225:6, 14,21 239:4 254:2 259:24 262:11 263:5 307:24 309:16,24 310:9 312:2,11,14,25 370:10

affiliated 134:6 285:17

affiliates 41:2,5,8,10, 13,14 44:4,11,15,25

45:13 46:3.9 47:18 48:7,13 54:2,11,13, 20,21,25 55:6,11,18 56:2,16,23 61:20 62:2 63:11 65:4 66:8 82:16,20 91:3 100:22 101:16 106:22 107:3 108:14,18 109:8,18 110:7 111:2,6,9,13, 23 112:18,24 113:19 115:4 117:24 118:7 119:4 120:20 121:4 176:9 233:9,23 234:10,16,21 235:4, 22 236:8 238:25 241:7 242:8 243:8 259:19 260:11 262:6 309:19 312:2,13 377:13 379:8 382:7

affirmative 96:15

afield 16:22 376:3

afternoon 344:17

aggregate 131:13 132:7 138:11 217:15, 19

agree 77:5 306:13,22 307:5,10

agreed 16:17 75:20 121:16,20 198:20 199:5,11,19 200:13 209:25 210:6 314:11 374:25 375:7

agreement 17:9 59:24 65:9,16,23 66:2,6 67:3,7,8,12, 16,22 68:4,9,12,17, 24 69:15,19,22 70:2, 7,11,16,20 71:18,24 72:4,7,10,13 75:4,5, 9,14,16,23,24 76:3,6, 7,10,14 77:6 78:15, 21,25 79:8,10,17,18, 24 80:5,6,11,16,20 81:6 82:9,17,22 83:7, 10,14,17,20,23 99:15,24 100:2,6 102:3,6 104:13,17,19 122:5 123:22 124:4 134:12 186:24 187:2, 16 189:2 200:13 210:22 212:17 278:23 279:18,20,24,

Index: agreements..audited

25 314:7 316:5,8,9, 13 326:3,13 332:8 351:4 365:22 379:20

agreements 58:16 77:24 83:4 168:9 186:10 279:4,6 325:24 353:22 379:18,23 380:4,11, 13,19 381:17 388:16, 17

agrees 243:25

ahead 68:22 82:6 156:20 164:10 212:25 248:12 295:12 329:11 352:10 364:23 378:18

Aigen 4:5 9:24 214:4 251:23

Akard 3:23

allegations 208:17

alleged 389:3

Allocation 35:19,21 125:2 273:17 281:8, 23

allowed 62:8 81:23, 25

alpha 297:20 302:7 307:19 328:10 338:11 341:13

alter 187:16

ambiguous 353:20

amended 5:15 214:18

amortizing 334:13

amount 49:10,11 50:23,24 57:6 119:7 131:13 132:8 138:11 142:18 144:5,16 161:19,25 195:16 196:16 216:17 217:15 220:23 222:11 239:5 240:9 244:3 271:11 277:7 283:18 288:6 308:22 342:10 343:5,15,17 389:11 amounts 106:21.25 108:14 109:7.18 110:6 111:2,5,8,12, 23 112:18,24 113:18 114:19 115:3 119:3 120:20 121:4,11 125:8 126:6 161:8 168:3 171:12 174:15. 22 175:11 176:9 181:15 199:12 202:7, 22 203:7,13,19 204:11,16,25 205:12 211:11 212:10,18 217:19,21 222:3,11 234:23 235:3 275:13 282:8 283:2 285:10 288:3 311:4 335:12

analyses 241:11

analysis 240:20,24 241:3,6 261:11 262:3 265:7,8,17,18,19 389:8

and/or 42:8,16 43:3, 14 59:14

annual 26:10 84:17, 23 85:2,24 96:7 168:10 170:5,9 184:5 217:2 228:16 334:8 335:9 336:12

answering 248:7,8 262:23

answers 12:2 16:25 26:15

anticipated 311:20 378:17

anymore 294:24 388:12

apologize 30:10 40:22 78:14 99:22 104:12 125:21,24 139:2 170:2 192:14 197:19 226:17 227:17 304:14 352:8 354:17 387:9

appearances 3:3

appeared 337:16,19

appearing 8:18

appears 224:8

Apple 281:21

application 165:10

applied 55:16,24 56:6 59:17 60:12 162:5 168:4 294:13 316:14

apply 213:7 314:12, 22

appointed 18:21,24 24:14,19,25 25:8 29:11,15 270:4 323:9,16

appointment 152:24 153:4,16

appointments 227:14

appoints 183:9

appreciated 74:16

approaching 310:23

approval 57:13 62:5, 10 63:12,17,23 144:24 170:14 206:5, 16 271:17,22 272:13, 14 281:7 332:16 351:5 377:17,24 382:11

approve 56:21 57:2, 3,20 61:5,9 231:21 273:6 379:7

approved 57:5 60:20 231:14 271:12 294:21 295:6,18 333:4 382:16,17

approximate 17:22 23:15 27:24 30:19 36:23 38:15 120:15 161:24 216:17 277:7 310:5

approximately 8:20 15:13,20 19:23 109:15,19 110:7 119:23 126:12 169:7 173:14,15 178:19 220:12,24 221:3,7 238:9 277:10,15 278:6

approximates 118:13 121:6

April 152:18,25 200:4 202:13,23 203:3,15 204:10 210:6 213:18 301:16 314:21 323:6

areas 26:5

Argumentative 156:10

arise 288:3

arithmetic 260:10

armchair 153:11

ASC 100:25 101:2,4,

ascribing 386:8

Asia 4:24 92:14 118:3 129:16 135:10 177:14 218:14

asks 97:12 171:10 172:6 174:21

aspect 26:18 116:20

asset 107:25 108:6, 24 109:14 118:23 225:16,23 265:9 354:15 367:9 368:4 371:7,16,23 372:6 376:24 387:3

assets 5:23 107:14 108:10,13 109:20 110:8 122:3,8 137:14 190:3 194:2 195:17, 20 196:3,9,17 204:19 211:3 225:8 235:11, 15 237:20,23 239:13, 19 240:15 241:4,18 242:13 250:18 253:16,24 259:18 260:8,11,13 301:9 303:9 307:9 309:2 311:10 317:7 366:14 368:5 370:22

assistant 295:2 298:25 320:23 321:9

assistant's 321:5

assistants 321:18

assisted 326:22

assisting 333:8

associate 268:10 297:25

associates 377:23

association 7:5 8:25

assume 22:15 133:24 297:13

assumed 285:4,11 287:6

assuming 288:22

assure 105:4

assured 257:3

astute 320:12

attach 320:22 321:2

attached 307:23

attaching 171:5

attachment 307:25

attempted 360:23

attempting 374:17

attorney 153:11 172:12

attorneys 3:4,11,17 4:2,10,16 147:21 187:6,11,15 188:3,7, 24,25

attributable 132:3 276:11 283:2

audit 26:11 48:5 52:23 85:24,25 86:9, 23 88:2,6,13,14,16 89:10,11,22 91:11,14 93:4,14 95:6 96:7,10 97:22 98:19 103:25 104:4 106:7.16.17 109:24 110:25 111:20 112:7,24 113:17 114:2,7 115:2,20 116:5 117:2,20 119:19 131:5 132:9,24 135:6 137:5,7,10,12,21 138:18 142:9,11 148:25 149:4 199:23, 25 200:6 218:7 219:4,5,12,15 221:11,14,20 243:12 244:18 263:24 264:8

audited 6:4 41:7 47:25 84:16,23 85:3, 19 90:2 93:24 95:14

Index: auditing..briefly

98:6 102:7,10 104:21 107:22 113:7 114:18 133:22 138:3,4,9 143:8 186:25 196:21 200:9,12 201:7 211:6 217:24 218:4,12,24 241:24 242:2,3,15,16 261:20

auditing 264:2

auditor 84:21 97:12 113:11 136:6

auditors 46:8 47:17 48:7,10 52:11,20 53:4,11,13 84:10 86:10 88:9 91:12 113:8 136:16 137:3 149:13 211:16 212:15 264:16

audits 149:12 246:11

authority 63:9,21 270:19 271:5

authorized 57:8 139:4 143:13,22 144:7,18 150:4 152:11 158:4,13,18 159:4,15,23 160:15, 24 181:3 320:16 363:2 382:6,9 384:7, 10

availability 121:12

Avenue 3:9 4:7.20

aware 12:14 21:6 32:7 43:22 45:12 48:8,11 49:4,8 50:20, 25 51:5,8,13,18 53:24 57:6 61:7,19, 23 65:3,5 66:21 78:5, 15,22 83:15 85:10 93:8 102:5,14,16,22 103:5,16 107:20,23, 24 108:6 133:15,19 148:5 161:2.6.22.23 162:2,3,8 167:18,19, 24,25 168:7 181:6,7, 12,13,17,24,25 182:4,9,10,13,14,18 198:16 199:9,13,17 202:11,17,21 213:5, 13,15 220:17 223:3 226:3,6,7 261:3,5,7 263:12 267:7 295:23

338:22,25 339:3,5,6 343:18 347:5,8,25 348:6,13,14,17 372:24 378:9 382:4 385:10,15

В

back 20:14 36:17 40:22 50:2 61:24 71:11 73:2,7 75:17 89:17 91:10 92:9 93:11 95:18,20 125:19 140:14 141:12 151:2 160:6 174:20 183:8 185:19 192:23 202:3 205:19 207:2,5 209:6,13 215:20 224:20.25 226:18 243:22 263:23 265:5,15 266:7 273:21 280:3,5 282:13 283:22 285:16,21 286:20,24 292:23 293:19 299:4 301:21 302:23 305:16,20 306:3 313:3 324:6,12 325:9 326:15 332:13 333:9 343:6,16 344:18 347:3,4 348:25 349:8,10 350:2 354:16 365:20 372:16 382:23 393:12

backed 50:22 123:5

background 13:22 16:13

backing 189:9,15 190:10,12,19 191:3 193:20 194:20 205:8, 14,24 206:14,23 208:5 321:15

bad 134:9

badly 81:18

Baker 3:14 9:9

balance 106:19 107:14,22,25 108:11 109:6 110:4,5 111:11 112:4 120:23 175:2, 8,14 179:17 196:25

220:2 222:21 228:22

229:3,8,16 230:5 243:7 251:14 253:22 370:22 372:6

ballpark 196:15 277:17 278:11

bank 142:12 261:23 306:5 327:10,12,17 328:6,9 360:5,14

bankruptcy 8:13 21:7 45:24 187:15 188:25 219:23 236:24 237:2,14,24 240:8 244:6,21 245:17 247:9,17,23 248:14,24 254:12 263:18,19 264:3,15 311:11 317:11 366:4 374:15 376:7

base 109:14

based 71:16 78:25 101:13 108:21,23 111:15 146:8,23 204:22 274:4 278:4 315:4 337:22

bases 228:13

basically 122:19 145:15 152:10 199:14,23 200:23 252:9 254:16,19 327:20 348:4

basis 16:18 19:4 47:10 84:18 110:3, 10,17,18 137:16 151:14 154:6 170:15 190:13 226:11 227:5, 20,25 228:13,16 241:17 266:22 288:12 358:7

batch 330:3

Bates 129:16,21 137:25 177:16

bear 17:5

began 20:8,13,17,23 266:21

begin 11:22 12:2 266:18

beginning 202:5 249:9

begins 12:15 170:23 197:25 341:17

behalf 58:11 122:22 139:18 180:22 181:2, 7,13 182:17 201:13, 15 210:5 211:9 212:8 213:8 270:21 271:5 273:4 289:18,23 327:17 336:21 350:19 362:9 377:12, 23 379:8 382:6,9 383:24 384:18,22 385:7.11.12

belief 98:17 346:15

believed 143:22 161:7,17 175:22 246:22 250:9 386:9

believing 144:17

benefit 17:19 304:19

bigger 89:5

bill 117:9 355:3,8 358:13

bill-paying 358:14

billion 109:15 110:14 253:21

billions 253:24

bills 326:23 355:14 356:2,13

binder 91:23 216:10

binders 216:5

bit 16:22 96:4 117:22 152:17 171:2,25 201:12 222:25 313:11 384:25

BK 187:6

blah 248:18

Blank 170:24

blend 250:5

blessing 319:21

block 152:21 320:22 321:3

board 33:5,12 34:4 166:23 168:18,21,23 169:10,12,14,20 170:12,13 171:7 175:3,8,15 176:22 178:7,13,17,23 179:8,12,15,19,25 180:8,23 182:6,15 184:4,8 185:14 189:7,14,19 190:4, 14,18,21 191:2,8,13, 16,20 192:3,8 193:3, 18 194:12 204:18,23 205:6,22 206:12,13 209:16,19,21,24 210:6,20,22 233:7, 13,16 281:7 323:8,16 348:3 385:13

board's 174:13 175:23 176:18 179:3 194:17 195:10 210:11

boards 33:8 160:8 171:19 181:2,8,14, 19,21 182:2,11

bona 369:25

book 140:15

bookkeeping 358:6

books 225:8,15,23 235:16 237:15 240:11,14 257:21 258:5 286:23 371:8

born 284:10

borrowed 127:15,24 128:5,23 129:2,5

borrower 272:7 273:5 340:2,7

borrowers 44:15,19

bottom 92:16 106:5 129:25 143:3 170:21 221:24 224:4 329:5 330:7

box 294:20

Boyce 21:5

Brad 249:21

break 36:6 72:17,20 73:10 74:4,14 139:25 150:22 151:5 224:19 265:24 266:2 324:22, 25 327:3

briefly 383:22

Index: bring..company

bring 73:16 154:20

bringing 249:21

broke 221:12

broker-dealer 332:6

brought 73:17 248:13 374:9

build 107:7 108:22 260:5 311:17

bulk 89:9

burdening 81:12

business 226:10 229:22 332:10,11

C

calculate 275:11 276:22

calculated 335:11

calculation 278:12

calculations 276:19

calculator 110:12

calendar 337:7 378:16,21 379:5

call 46:14 55:2 68:6 70:3 154:8 167:4 191:14,15,24 192:2 290:19,25 350:15 364:21 393:12

called 16:10 22:21 27:10 29:25 31:8 32:4 81:9 115:3 130:3 227:2,19 228:21 273:18 278:22,24 315:20 342:8,24 343:2,16 351:10 362:8

calling 344:18

calls 45:17 46:10 55:21 107:5 126:4 268:6 324:2,9 344:22

camera 36:2

Canty 4:24 105:2,23 129:18,23 135:12,16 177:10,21,25 218:15 capable 86:12 88:20

capacity 11:3 19:25 21:3 24:17 26:22 65:10 97:15 143:25 174:3 232:4 258:25 270:25 285:24 295:18

Capital 3:4,18 8:11 9:6,22 10:22 11:7 15:16,23 18:7 22:21 30:2 41:18 42:10,18, 21 43:11.16 44:6 58:15,17,20 70:21 109:23 110:9 125:3 127:12 133:10 152:13 172:14 215:14,17 271:3 279:18,19 280:2,3 308:4 325:22,24 330:16 354:19 359:16,18 360:7,8,13

capture 107:10 130:15 203:11

captured 131:3

career 286:21

careers 89:6

carefully 40:14,18 47:9 114:14 144:14 223:12

carried 107:14,18,21 109:6.11 233:5 243:6

carrying 118:13,25 120:2,4,12,14 262:8 263:7,16 265:2

case 7:21 8:14 208:15 248:15 301:14 339:25

cash 57:3,4 121:12 335:17.18.22.23 336:7 337:13,14,16, 17 360:5 361:12,14

categorically

392:10

categorize 257:10

categorizing 316:18

category 107:24 109:6

caused 263:3.14 277:3.19 280:12 359:8.24

causing 362:21

CCO 192:25 193:8,14

cease 173:15

ceased 71:6 173:12

cell 393:2.5.8.9

CEO 14:16

certainty 371:6

certificate 5:20 22:3 152:2,5,10,13 159:19 183:11 270:4

certificates 21:21 154:20

certification 22:3

certifications 22:13

certified 7:5 21:17

cetera 164:10

CF- 25:2

CFO 14:14 18:10,17, 21,24 19:3,14,25 21:3 39:10,15,19,21, 23 40:3,4,9,12,25 42:5 43:10,23 44:25 46:7 47:16,24 49:17 50:10 51:10,15,20,25 53:9 55:16 60:23 61:21 62:4,8 84:20 85:12 86:3,19,24 88:10,15 90:15 94:4, 23 95:7,15 100:17 107:11 111:16 114:5 133:7,10,16 176:14 202:11 203:25 225:17,20 226:8 227:6 229:23 230:14, 18 240:7,14 243:4 247:7,23 248:24 255:7 269:2 285:24 287:14 288:7 295:19 339:24

chain 341:17 342:7 350:14

challenges 12:21

change 28:7,11,17 93:7 187:7,16 189:2

229:11 240:6 248:17 261:24.25 262:2 264:3 265:10 343:20 371:22

changed 20:6 28:11 189:10 194:13 206:24 207:6,7,9 208:2.3 263:18 264:17 323:2

characterized 247:12

chat 81:25 92:12 105:2,5 135:17 177:7,18

check 86:8 306:4

chicken 298:13

chief 14:12 26:24 27:5 120:8 184:22,24 258:25 270:9,13 271:2 302:19

Chisum 321:7

chose 113:25

circumstances

71:15 231:6 240:6 241:10 261:23,24 262:2 265:9 274:13

Civil 7:20

claim 167:9,13,25 374:9 375:8,11 385:17,22,25 386:2 388:24

claims 208:23

clarify 354:17

clear 40:15,16 54:22 55:5 75:16 81:2 156:2 188:21 214:17 238:17 302:6

client 74:5,10 75:19 269:9,13

clients 195:8 209:2

Cliff 276:2

clock 46:25

CLOS 253:19

close 229:10,19,21 230:2,23 232:8,20 233:3 298:2,12

308:24 372:10

close-end 275:6

closed 281:3

closed-end 281:10, 15 282:7

co-invest 127:13,16

co-obligor 305:22

code 101:21

collect 54:3

collectability 253:18

collectively 33:2 54:12

colloquially 366:5

combined 233:18

comfort 159:22 193:25

comfortable 90:9

command 297:25

commenced 53:25 54:11 181:22

commencing 203:20

comment 252:23 367:22

common 299:4,5

communicate 64:3

communicated

114:9 211:15.20 254:21 292:17 319:19 368:8

communicating 365:13 366:3

communication 87:6 207:23 350:8

communications 66:19 71:13,14 116:16 322:7 367:14

comp 78:10

companies 42:7 285:17

company 27:9 29:25 31:7 247:8 273:18,

Index: compared..COVID

20.21

compared 12:21

comparing 118:24

compelled 81:8 371:22

compensation

125:14 281:3 318:14 366:24 367:19.24 386:11

competent 88:20

complaint 5:15 140:4 208:17.22

complaints 322:2,4, 8,20

complete 112:19 208:16 221:10,13,18, 19.20

completed 132:24 178:8 200:7 219:7, 10,13,16

completely 13:4,7 205:5

completeness 97:22 98:5

complex 253:19

compliance 148:3,4 184:22.24 193:17 280:8 294:18 295:21 296:4

complied 373:3

component 119:17 120:22

compose 348:22

conceived 232:17

concept 52:24 201:20 390:10

concern 105:8 122:13

concerned 35:25 112:23 235:20,24 241:22 370:2

concerns 112:15 113:3 114:6,25 117:23 236:2

conclude 108:17 310:9

concluded 395:11

conclusion 42:20 43:9 44:18 45:5,9,17 46:11 47:21 48:4,17 49:2,14 55:21 107:5 126:4 142:7 143:16 153:13 154:9 157:8 212:25 263:5

conduct 85:24 169:10

conducted 86:14

conference 8:17 323:24 343:23,24 344:11.13

conferred 98:8

confers 143:20

confirm 96:14 98:16 108:23 141:13 143:4 214:3 270:6 319:3.20

confirmation 103:21

confirming 98:23

confused 78:11 317:13

connection 16:11, 16,19 48:15,23 50:15 93:13.14 95:5 96:9 125:25 149:3 160:11 175:9 179:19 184:5 199:22 367:5 374:8

consequences 357:4

consideration 306:18

considered 274:9

consisted 59:21

consistent 394:17

consolidated 5:18 6:2 105:17 110:2,5,9, 17 113:13 135:20 137:16 218:19 253:21

constitute 110:7

constituted 109:19

consult 94:12.17 351:21

consultation 318:12

consulted 274:9

contend 65:6 168:4

contends 168:3

context 41:21,22 58:13 124:18 136:21 168:20 170:4.9 189:18 367:12 386:23

contexts 41:15

continue 209:4

continuing 203:20

continuous 19:4

contract 278:15.22

contracted 330:18

contracts 15:9,11 249:22 288:17 325:12,14,17 326:6

control 90:3,5,9,14, 20,25 101:4,9,24 113:6 137:17,20 207:21

controlled 15:6 16:8 17:24 42:8,16,25 43:3,14 101:16

controller 291:13

controls 43:5,6 112:16

conversation 58:23 59:5 73:18 74:2 78:9 113:16 114:16 124:8 145:7,14,21 148:17, 20 164:23 166:2,9, 11,19,23 187:14 190:23 194:8 207:13 233:21 234:25 235:13,18 246:14,18 252:10,12 255:14 282:25 283:4 296:3,4 318:9 319:16 342:4. 20 348:15 350:8 363:5 365:3 367:3,4 381:8 383:11 386:18. 20 389:22 390:24 391:17 392:24 393:2

conversations

66:16 74:21 113:22 115:9 124:11 206:11 233:25 289:4 368:13 380:6 393:10 394:3

conversion 125:12, 14 131:23

convert 281:9 282:6

converting 275:5

convey 208:6 389:20

conveyed 343:15,25 344:4

conveys 193:15

copied 183:3

copies 13:11,16 142:12 149:8 298:7

copious 324:16

copy 92:13 148:24 197:23 200:18

corner 198:6

corporate 41:2,5 54:25 87:11,14,16 112:10,11 116:12 148:23 149:2.14 150:14,19 172:20 188:11 200:17 230:16,17,21 257:22, 24.25 258:11.13 337:7 370:14 378:15,

correct 11:16 18:10 19:8 22:16 24:7 29:3, 8 32:4,22 33:5 39:4, 12 41:3 43:24 45:2 50:24 55:19 59:18 69:24 74:12 79:24 84:11,18 91:23,24 93:15 95:7 100:4 109:17 110:19 112:8 115:4 117:17 120:21 132:8,24 133:7,11 137:3,8,22 142:5 143:9,14 149:4 150:9,16 155:7 156:13 160:17 161:9, 20,25 165:16,19,23 166:15 167:16 168:11 175:24 179:9 185:23 186:5,6

187:3.4 201:4.9 204:20 205:24 206:6 211:25 214:21,24 218:4 223:7 242:18, 23 243:2 256:2,5,10 257:5,19 258:2,6,8, 14 259:2,6,7 262:8, 17 263:7,10 264:20 269:25 270:14 290:8 301:9 307:12 310:18 311:3 316:10,19,22 332:18,19 346:2 359:17 371:21 375:2 382:3 383:8 384:7 388:18,21 393:22

correction 384:5

correctly 138:7 175:20 289:17 305:14 375:18

cost 279:17 325:23 379:20

counsel 9:2 66:17 73:13,14 74:15,21 140:10 150:2 164:7, 16,20 187:22,23 254:18 322:7,9,12, 19,22 351:18,21

counsel's 151:16

Counselors 7:4

couple 17:5 100:9 314:6 351:12 352:12 384:15 386:6 393:17

court 8:13,24 10:10 12:10 209:5 213:23 215:13 226:16 237:2, 24 244:6 245:22 254:16 256:21 268:8, 18 301:20 311:11 313:3 343:3 376:8

courtroom 7:18 156:19 157:23

cover 105:16 294:12. 24

cover-to-cover 208:22

covered 67:4 189:7 191:13

COVID 207:16.17 219:19 299:6 321:2

Index: COVID-19..Deitsch-perez

323:2,3,5

COVID-19 7:78:18

CPA 22:13

crafted 178:6

crash 265:11

craziest 157:5

crazy 264:2

create 257:18

created 199:10

creditworthiness 303:19

Crescent 294:10

CRO 254:13,14 256:25 257:7

cross 305:17,21

crossing 295:24

culmination 145:8 250:4 274:20

cure 345:4

cured 363:14,19

curing 365:16

current 86:13 158:9

curse 394:15

cursed 394:14

D

D.C. 162:20 164:6

daily 219:20

Dallas 3:16,24 4:8 8:14 9:20

damages 385:17

Dandeneau 3:12 7:23 9:8 13:10 14:25 16:9 17:7,18 20:4,20 22:14 25:15 31:16, 20,24 33:9 34:20 36:8,12 40:10 41:4, 12,24 42:11 43:17 46:18 47:3,7,12 50:7 52:8 53:18 54:8 55:10 56:11,25 58:25 59:19,25 60:7,15 61:12 62:11 63:13.24 64:19 65:12 66:14.24 67:17 69:5 72:15 73:12,21,24 74:8,12, 17 75:6,10,13 77:9, 14,21 79:4,14,20 80:12 82:5,11,24 83:25 85:15 86:2 91:4,8,22 92:11 94:3 96:11,20 99:17 104:25 107:15 108:5 110:11 111:24 112:20 113:20 114:20 115:5 117:6. 18 119:12 120:16 122:10.16 124:6.23 127:19 132:16 134:8 135:8,18 143:10 144:8 146:20 149:5 150:10,17 151:13 153:18 154:14 155:11,18,20,23 156:10,16 157:2,6, 11,15,24 158:15 159:17 160:3,12,18 163:24 167:5 168:8 177:15,20 178:20 180:3,11 181:5,11 183:15 184:6,20 185:2,18,24 193:21 194:5 195:21 196:13, 18 200:20 203:23 205:3,15,25 206:21 208:10 210:24 211:4, 13 212:22 213:11 216:2,9 220:10,15 222:13 225:10,24 228:9 229:24 231:18 234:6 235:23 236:10, 18 239:3,14,22 240:16 242:24 246:19,25 247:14 250:11,22 251:3,12 253:12 254:6 255:12 257:6,20 260:14 263:8 265:4 266:3 269:10 285:23 286:7 295:11 298:6 299:15 302:25 305:10 307:2 312:18 317:23 333:20 336:14 338:5 339:20 341:2 347:21 348:11 349:11,17,18 350:3 352:18 375:22 376:5 379:10 394:10

data 311:24

date 18:13,18,20 21:10 56:18 70:12 84:11 98:18 103:14 104:4 106:4 131:11 133:2,12 136:10 186:15 226:7 235:10, 14 239:17 241:20 262:15 263:20 310:15 314:22 315:6, 7 323:8 326:8 329:18 332:2 356:24 369:13 372:6 386:5

dated 92:2 106:10 132:20 142:18 152:17 200:3 203:2 213:18 216:16 220:14 228:3,23 258:20 262:23

dates 30:17 178:8 321:14 326:7 355:25 357:11

Dave 87:20 172:6 230:19 292:3,4,11

David 124:9 275:23 389:9

Davor 3:20 9:19 178:10 266:15,17 304:8 336:15 387:14, 16

day 106:10,13,16 134:20 187:8 226:4 321:23 329:21,23 332:4,10,11 342:16 343:24 350:12 353:5 395:17

days 71:12 356:9

DDP 349:23,24

de-accelerate 344:24

de-accelerated 345:18

deadlines 86:9 379:2

deal 74:25 219:18 224:14 286:11

deals 373:19

Deb 151:7 349:10,18

Deborah 4:4,18 9:8, 12 10:2,3 349:18

Debra 3:12

Debs 349:20

debt 333:9

debtor 240:8 245:15, 25 255:17 270:14,21 271:2,6 278:16,17 279:6 280:21 310:18 325:13,14 326:14,22 327:15,20 331:3 333:7,15 335:2,8 336:22,25 350:22 364:18 372:20 373:3, 15,16,18,25 374:9, 15,16 376:13 380:9 383:14 388:10,12

debtor's 233:7 239:12,19 240:15

debtors 374:21 **debtors'** 337:24

debts 302:23

decade 95:19 231:22

decades 95:21

December 59:9,12
105:18 109:14
119:21 202:19 203:8
218:21 219:7 221:15,
21 242:17 258:21
263:14 326:4,11,12,
14 327:4,9 330:15
332:11 334:15
338:15,24 341:9
343:2 346:9,21 359:3
360:17,19 361:6,24
364:4 382:23 388:4
390:6,16,17,24
391:13,23 392:4
393:11

December-ish 390:16

decide 254:25

decided 245:5 318:13 380:22

deciding 56:13,17

decision 121:24 122:2,21,22 245:2,8 340:9 382:20,21 decisionmaking 254:14

declared 182:7,12

deduce 309:23,24 310:6

deemed 53:2 94:19 109:9,10 113:11 131:6 244:16 245:24 246:6,16,24

default 182:7,12 341:6,7,10 345:5 346:9,20 347:6 363:9,14

defaults 365:17

defendant's 214:18

defendants 81:14

defended 11:14

deferral 200:23 201:4,7,21

deferred 203:3 366:23

define 32:9 33:21 101:6

defined 33:13 45:13 51:17 53:13 54:2 99:15 173:2

defining 44:16 69:8

definition 42:24 43:2 53:16 54:18 69:15 75:20 77:6 100:25 101:9,13 104:6

degree 245:20

degrees 22:7

Deitsch-perez 4:4
5:8,11 9:12,13 10:2
17:8,13 29:20 42:12
46:12 50:5 60:16,24
64:17 65:19 66:10
67:9,24 69:6,10,13
76:15,17,21,24 78:19
79:25 81:16,20,22,24
97:4 107:16 115:6
117:7 119:13 120:17
144:25 146:12 147:4,
11 148:12 149:21
153:19,25 154:7

Index: Delaware..Dondero

159:25 160:19 177:6. 17 178:3 180:4.12 191:4,22 194:6,22 195:22 196:4,11 202:24 205:16 206:7 208:11 209:8 212:12, 20 214:9,13,16,22 215:5,11 216:11 220:25 227:21 231:8 232:9 238:10 239:20 242:25 247:15 248:2, 8 249:4,17 251:10 252:6,9,20,25 254:7 255:10.22 256:17 262:18 301:19 324:24 336:15 348:9. 23 349:21,24 352:6, 11,20 353:2,17,23 375:22 376:4,9 377:3 381:13 384:12 386:13 387:10,14 393:17,20

Delaware 254:16

delegating 254:13

deliver 50:14 230:22

delivered 178:7 235:20

delved 251:19

demand 121:11,17, 21 122:4,7,9,15,19, 23 123:23 124:4 134:13 140:17 142:21 182:15 186:18 187:3,17 198:21 199:6,11,19 200:14 202:18,22 205:19 209:25 210:7, 23 212:18 301:17 313:16 314:8 315:2,8 316:6,17,18

demandable 316:19

demands 122:14 364:13

department 146:10 147:3,10

depend 356:5

depended 356:6,16

depending 87:4 164:4 383:15

depends 41:20 57:15 279:2

depo 260:16

deposed 11:9,12

deposition 7:11
8:10,16 11:2,15,18
12:7,15,22 16:15,23
33:23 72:21,23
73:10,15,20 74:6
76:8 77:12 81:3
123:17 151:6,9 215:6
227:15 266:21 267:4,
13 365:20 373:2
375:25 376:19
388:23 395:8,9,11

depositions 11:19 12:19

derived 16:6 17:23

describe 56:4 84:3 111:21 326:15 353:7 358:3

describing 125:17 126:2

description 108:21,

desk 293:9,10 295:25

detail 107:7 120:25 153:8 159:20 222:22 229:14 278:11 300:6 311:18 351:19 369:20

detailed 122:20 132:12 179:23 224:9 230:7 260:5 276:18 370:16 389:8

detailing 294:14

details 77:24 78:7,12 80:8 84:7 104:16 131:25 286:3,22 299:12 300:8 342:12 343:7

deter 376:18

determination 41:25 42:4 261:18,19

determine 53:19 82:19 83:6

determined 261:16

274:7 276:7

detrimental 275:11

development 347:13,18

deviate 264:25

dictate 90:10

differ 263:15

differentiate 268:14

differently 96:5

difficult 145:12 205:19 207:18 222:25

diligence 85:5,8,13 169:11

direct 113:22 253:6 304:19 322:10

directed 57:17

direction 237:6 254:25 258:2 393:22

directive 383:7

directly 15:5 16:7 17:23 19:8 42:7,15 43:14 88:2 177:11 219:2 354:9

director 23:6 32:15 39:25

directors 15:22 72:7

disagree 318:5,16, 21 319:2

disclosable 131:7

disclose 46:7 47:17 52:11 53:10 88:13 91:12 94:6 99:14,20, 23 103:2 111:21 112:3 113:8 179:12 210:12,15 242:21

disclosed 48:7,9 52:19 53:4 93:24 94:18 102:3,7,13,18 103:8,10 113:12 117:13 130:10 133:21 134:3 138:8 190:25 212:4

disclosure 100:12 134:12,16 185:15

191:20 211:21,23 262:11

disclosures 91:2 94:16

discovery 81:4 196:21

discuss 99:3 124:2 148:18 201:18,20 322:14 342:7 343:22 345:7

discussed 26:18 73:23 74:11 80:14 107:9 114:25 192:12 193:23 227:12 234:4 272:20,23 275:3,4 294:5 300:11,13 371:15 383:22 390:9

discussing 117:25 148:22 180:8 191:6 217:18 234:9,15 300:17 319:7 341:6, 8,22 346:4 388:13,15 391:6

discussion 164:4,9, 12,17 180:19 191:9 217:21 246:4 249:24 251:20 282:18,21 290:6 319:13 342:15 387:22 388:8 392:11, 21 395:3

discussions 58:20 233:6,15 249:11 250:4 251:13,19 253:17,20,25 263:25 264:14 274:5 275:17 280:18 367:19 387:4

dislocation 371:16 displeased 362:15

dispute 61:7,10,13, 16

disputes 16:16

distancing 7:9

distinction 23:25 52:3 164:19

distinctions 33:17

distinctly 392:4

District 8:13

diversion 208:16

divided 110:14 239:24

Division 8:14

docket 215:4 255:18

document 13:3,6 91:19 92:5 96:3 103:18 104:23 105:5. 10,16 136:11 139:22 140:8,12 141:4,10,16 144:3 147:16 151:22 153:6,15,22,23,24 154:5,11,18,24 155:3 156:24 159:21 197:13,14,16,17,25 198:12,15,17,23 199:3,4,10,14,17,25 200:3,18,22 201:3,6, 15,18 202:4 203:2 209:14,16,22 210:12, 15 211:24 212:4 213:21 214:3,6,12, 15,17,20,24 215:7,13 216:7 226:10,25 227:8,19 228:6 236:16,19 237:18 239:17 244:5 256:5,9 293:21,22 301:16 302:12 303:7 305:12, 21 320:14,16 338:14

documents 12:24 13:12,14,16,19 25:5 123:15,17 126:19 140:10 143:24 147:20,25 149:12 153:8 159:15 197:2 227:13 235:19 236:25 266:19 267:3, 7,9,14,18 291:9 294:2,4,6,8,11,14,17 296:21,22 322:11 364:18 377:10

dollar 253:21 288:12

dollars 253:24 260:19

Don- 68:19

Dondero 4:2 9:14 15:6 16:8 17:24 19:8, 12,25 20:9,13,18,24 21:4 42:9,17 43:15, 24 44:3,5 50:11,14,

Index: Dondero's..ensure

21.25 51:6.12 54:15. 17 55:2,7,11,19 56:2, 16,24 57:20,24 58:9 59:6 60:11,14,20 61:4,5,8,21 62:3,9,20 63:4,7,11 64:4,7,9, 10,13,16,21 65:3,5,9, 10,17,18 66:6,7,8 67:7,23 68:19,25 71:13 75:25 78:16,18 80:15 82:16,21,23 91:3 92:5 94:20 98:8 99:4,6,10,13,20,23 101:17 107:3,13,21 108:3,19 117:25 118:7 123:3 124:2 145:5,7,14 148:9,14 189:9,16 190:10,13, 17,25 191:3,9 193:20 194:19 201:14,21 205:9,14,24 206:6, 11,15,24 208:5,8 225:7,14,21 232:18 233:9,24 234:11,16, 22 235:5,7,9,22 236:9 239:2,5 241:8 242:8 243:8 262:6 263:6 271:25 273:2,5 275:25 280:19 282:16,22,25 283:14 284:4,18 285:3 287:5 288:24 289:4 290:6 300:11,24 301:16 303:16 317:5 318:3, 9,11,16 319:4,8,20 320:3 335:17,23 336:6 341:7,9 342:15 343:15.22 344:2.12. 22 350:6,11 362:10 363:6,19 365:3 366:2,20 368:11,22 381:9,10 382:12,18, 22 383:8 384:6,10 386:7,17,20 387:23 388:9,14 389:2,21 390:4,25 392:4 394:6

Dondero's 57:13 62:4,10 63:23 144:23 206:15 217:11 350:15

doubtful 244:9,17 245:25 246:7,17,23, 24 247:12,25 249:2 250:10,14 251:8,22 253:10 254:3 255:8,

15

draft 145:25 146:4 147:10,20 149:17 176:4 182:24 213:17 290:7,12,16 291:4,9 294:17 305:11,14 319:14

drafted 145:23 146:10 147:2,25 290:24 305:13 319:18

drafting 115:20 116:5 146:7 213:12, 13

drafts 230:22 322:3,8

dramatically 264:17

Draper 4:12 9:17

driver's 21:25

dropped 294:8,11,14 295:4

DSI 72:3 166:12 237:9,12 245:9,21 247:4 249:10 250:8 251:7 252:10 253:10 254:5,11,16,19,22 255:8,14,25 257:15, 18 259:12 309:21 312:7,11,21,23 313:5 348:3

DSI's 256:6

Dubel 233:21

due 7:7 8:18 50:3 55:17 56:18 58:2 59:15 63:10 106:21, 25 108:14 109:7,18 110:6 111:2,5,9,12, 23 112:18,24 113:19 114:19 115:3 119:3, 10,22 120:20 121:4 161:9 162:6 163:22 165:11 167:11 168:5 171:12 174:15 175:12 176:9 190:6 194:4 203:19 204:12, 16 205:2,13 208:8 211:12 212:10,11 220:23 223:6 234:23 240:10 259:19 260:11 262:7 266:24 271:21 274:14 275:7

335:12 337:3,25 338:24 347:8 355:25 356:22,24 357:11 359:2 360:16,17 361:24 364:3 377:12, 23 379:8 381:23 382:10 383:19 390:10 391:24

Dugaboy 4:10 9:18 42:23 43:6 65:11 100:18

duly 10:12

dump 267:3

Dustin 183:2,23 184:7

Dustin's 183:10

duties 25:17,19,22, 25 28:10 30:25 31:4 38:20 219:20 292:4

Ε

e.g 171:13

earlier 84:5 86:18 93:12 100:3.5 119:3 130:9 131:18 134:11 136:2 148:21 155:5 162:14 179:7,16 183:12 195:24 206:18 211:15 217:14 218:8 222:19 243:10 259:10 261:21 263:21 269:24 282:24 283:6 289:4,15,20 290:12 302:11 309:11,20 312:20 316:10,13 318:8 325:12 334:6, 14,20 337:18 351:2 357:8 362:25 368:24 370:8,18 371:15 378:5,20 379:4 380:12

earliest 314:8 316:6

early 19:5 173:17 231:22 254:20 323:6 340:21 341:5 344:17 365:20 388:4 390:17

earth 251:23

easier 305:5 373:13

East 8:23

easy 265:15

educate 204:9

educated 120:10

education 21:23 22:7

effect 282:16 294:25 344:23 345:4,17 346:11 351:13 363:8

effective 152:18,24

effectively 329:25

effectuate 57:8,12 63:22 360:15 382:9

effort 83:5 376:12,17

efforts 188:16

eight-figure 389:18

elaborate 26:12 281:4

electronic 299:2 320:15

electronically 298:21 299:23

320:14,17,23

element 365:23

Ellington 14:20,22 **email** 5:21 6:11 68:6

70:3 170:23 171:3,22 172:3 174:5 182:20 183:3,22 185:25 187:20 194:10 198:18 206:9,23 207:2,4,5,25 290:19, 25 291:4 292:16 293:14,22 294:2 307:23 313:11 316:22 320:24 321:3 329:6 330:7,13 331:11 332:3 341:17 342:3,7,13,23 350:14 387:11 392:22

emails 6:7,8,9 227:13 236:13 299:25 300:7,9 328:15 379:12 Emanuel 4:19 10:4

employed 14:2,6 23:3 27:15 30:7 32:10 34:7 89:21 240:25 322:9 330:14

employee 24:4 28:20,22 51:22 52:6, 17 70:24 71:7 72:12 115:22 172:17 184:21 325:19 388:12,16

employees 15:15, 19,23 39:12,19 40:6, 8,12 51:24 52:14,25 57:8,17 86:13 93:22 167:2 237:12 327:15 331:2 333:7,16 334:25 335:8 337:24 346:25 350:22 354:6 369:12 381:22 382:2, 5,8

employment 71:19 165:2,3 166:4 167:3 285:25

enabled 360:22

encompass 379:13

encourage 13:18 17:12

end 46:19,20 86:17 103:12,13 104:5 109:20 118:10 131:4 145:13 148:13 187:8 203:7 214:12 220:19, 22 221:6 222:12 223:4,14,17 224:13 242:23 262:15 265:3 293:3 326:11 329:18 348:16 352:7 367:23 379:16 380:9 381:23 382:10 383:20

ending 93:14 105:18 135:21 218:21 219:7, 16 221:15,21 242:17 258:21

ends 395:7,8

enforced 231:12

English 284:11

ensure 98:4 330:19 331:3 333:16 346:12

Index: ensuring..filed

348:4

ensuring 327:20

enter 122:21

entered 67:7 68:25 104:14,19 122:6 124:5

entire 19:7 192:13 253:19 264:4

entirety 130:12,15

entities 16:7 17:23 43:13 44:3 54:21,25 55:4 101:8,15 189:8 278:2 289:19 330:13 361:13 394:4

entities' 265:12

entitled 41:8 82:7 110:25 157:16

entity 15:5 22:20,25 27:18 31:11,23 32:3, 6,11 42:14 109:24 137:13 272:3 289:23 302:22 307:8

entries 240:19

entry 131:10 308:3, 14 311:9 332:23

environment 90:3,5, 9,14,20 113:6 137:18,20

environments 207:21

equal 49:11 50:23 262:7

equaled 263:7

equals 119:6,9

equity 273:18 281:25 282:3

erroneously 197:22

error 125:6,9 131:17, 24 132:3 145:8 165:9 213:12,14 214:5 273:11,14 275:14 276:8,25 277:5 278:5,15 280:12,22 283:3 289:6 318:15 385:9,14,19,23 **errors** 163:21 167:14 373:10

Esq 3:6,7,12,13,20, 21 4:4,5,11,18

established 94:2 285:14,20 300:25 301:7 310:16

estate 31:12,17 235:11.15

estimate 20:12 372:4 389:3

et al 5:15

evaluate 170:12,14

evaluated 244:10

evening 353:3

event 131:2 134:22 138:9 143:9

events 103:13 125:16,25 130:4,10, 21 133:8 138:5 242:22 262:14 263:4 370:24 371:7,9,13

exact 15:24 17:25 18:13,18,19,22 20:5 30:17 131:20 156:21 274:13 277:17 278:10

EXAMINATION 5:6, 7,8,9,10,11 10:14 266:13 352:25 377:5 387:19 393:19

examined 298:19

exceed 121:12 190:2 195:19 196:3

exceeded 93:25 194:2 196:9,17 204:19 211:3 301:9 303:9 307:9

Excel 368:19

exceptions 231:2

excerpts 238:16

excess 94:6 121:12 389:13.14

exchange 45:15 212:17 281:17,23

exchanged 45:21

exchanges 281:17

excuse 14:25 35:23 201:2 249:18 280:9 323:13 395:8

execute 48:14,22

executed 49:21 142:10 161:12 221:6 274:2 293:14 303:7

executing 317:16

execution 181:9 300:14

executive 35:10,11, 16 36:20,24 37:5,18 38:3,4,9,14,16,21 39:3 78:10 366:24 367:18 386:10

executives 369:3

exhibit 5:15,16,18, 20,21,22,23,25 6:2,4, 7,8,9,10,11,12,13 13:13 91:20,21 104:23,24 135:8,14, 15 140:12,13 142:15, 16 151:20,21 170:18, 19 197:3,9,15 198:2 214:7 215:22,23,25 216:3,4,5,7,8,12 218:13,16,17 226:23, 24 236:16,23 237:19 258:18 297:23 302:7, 8 303:14 305:5 306:7 307:18,21 309:2,6 313:9 317:12 328:10, 12,13 338:13,21 341:13,14

exhibits 267:10,11 268:9

exist 15:12 16:17 114:22

existence 67:15 69:18 80:16 81:6 99:14.20.24 102:3

exists 278:13

expanding 354:25

expect 247:19 293:19 333:15

expectation 231:5

expected 200:17,21 293:21

expects 203:18 212:9

experience 101:14 111:16 116:14 169:10 256:25 257:8 259:13 315:5 337:22

experienced 47:13

expert 43:5 143:19 153:7 183:9 257:14

explain 356:18

explained 364:17

explaining 163:15

explanation 308:20 311:8

expressly 390:4,25 391:12 392:5

extended 301:17 308:21 314:22

extension 307:8

extent 45:17 55:21 66:15 107:5 126:4 208:6 244:15 296:6 322:6

extra 219:23

F

face 50:23 120:11 144:16 244:3

face-to-face 293:8 294:5

facilitated 321:10 fact 62:7 192:20

236:21 264:24 266:25 275:7 298:4 301:15 313:19 334:22 338:23

341:10 343:19 363:12 394:5,7,17

facts 111:22 240:6 261:25 265:8 375:17

factual 164:9

fail 12:3 348:5

failed 338:23 340:2

fair 11:23 19:24 44:14 49:7 52:4 93:17 99:13 110:21 118:11, 21,24 119:6,8,9 120:3,15 121:5 126:8,21 141:18 143:23 149:20 224:6 239:16 240:18,21 241:17 242:6 243:5 244:13,20 245:19 260:10 261:15 262:7 263:5,15 264:25 287:21 370:21 371:18 372:5 374:10 390:2

faith 189:8,15 190:9, 12,19 191:3 193:19 194:20 205:8,14,23 206:14,23 208:5

familiar 22:20 31:22 32:3 54:6,9 226:13 227:8,18 274:6

fashion 86:11 276:16 357:14

fault 229:17 276:24 277:19

favor 60:6 62:19 139:17 161:24 261:9

feature 301:17 315:8

February 70:21 226:3,4 228:3,23 323:9

Federal 7:19

feel 81:8,18 176:25 273:13 287:16 371:21 376:11,16

fees 332:12 356:21, 23

fide 369:25

figure 343:10 366:12 367:5

file 167:8,13 297:2,10 337:8

filed 21:6 197:17 208:18 213:23 215:13 219:23

Index: files..funds

226:16 237:2,24 238:4 244:5 255:17 263:17,19 311:10 322:2,4,16,21 375:20

files 312:23 372:21

filing 45:25 240:4,17 246:3 249:9 256:20 264:15

filings 237:14

filled 257:13

finalized 88:7 89:12 230:23

finance 25:21 26:2,4, 8,17 28:15 38:23 127:25 128:16 129:6 280:7 290:14 351:3

financial 5:18 6:2 14:12 26:24 27:5 41:7 48:2 84:17,23 85:3.13.19 88:11 90:2,7 93:24 95:14 96:7 100:12 102:7, 10.12 104:21 105:17 107:22 112:2 113:7, 14 114:18 120:8,18 122:11 130:23 133:22,25 135:20 138:3,4,9 143:8 176:21,24 179:16,23 180:15 196:22 201:8 211:7.21 217:24 218:3.19.24 219:6 221:14 222:24 224:10 235:17 241:24 242:3,15,16 254:9 258:25 260:3 261:20 262:5 264:11, 13 270:10,14 271:2 286:18 301:11 302:19 306:4 311:25 312:5,6 370:9,12,17 378:24

financials 6:5 137:16 168:19 176:8, 16 179:8 186:15,16 187:2 189:23,25 200:10,12 218:12 241:13,15,21 242:2 246:9 247:5

find 53:23 268:10 283:17 315:4

fine 36:8,9 45:10 84:8 154:12 269:16 287:2 353:24

finish 11:21 12:2 76:18,24 249:19 295:11

fired 388:9

firm 10:21

fiscal 103:14 104:6 131:4

fit 42:24

flip 331:8 332:20

fluctuate 93:10

fluctuates 94:10

focus 242:14 313:3

folks 46:15,24 87:25 152:10 197:23 293:5 321:15

follow 61:17 151:15 391:18

follow-up 171:7

footnote 244:8 260:20,23 261:15,17 371:22

footnotes 261:17 263:11

forbearance 134:5,

forgave 49:23 51:23 52:12 93:20

forgivable 369:2

forgive 51:10,15,20 52:5 284:9

forgiven 52:18 53:11 94:11 366:23 367:23 369:13

forgiveness 52:22 93:23 94:8 365:23 369:16,20,24

forgot 282:8

form 20:4,20 22:14 25:15 29:21 31:16 33:9 34:20 40:10 41:4,12,24 42:11,12

43:17 50:6.7 52:8 53:18 54:8 55:10 56:11,25 58:25 59:19,25 60:7,15,17, 25 61:12 62:11 63:13,24 64:18,19 65:12,20 66:11,24 67:10,17,25 69:7 75:6,10 78:20 79:4, 14,20 80:2,12 82:24 83:25 85:15 86:2 91:4 94:3 96:11,20 97:5 99:17 107:15,16 108:5 110:11 111:24 112:20 113:20 114:20 115:5,7 117:6,18 119:12,13 120:16,17 122:10,16 124:6,23 127:19 132:16 133:23 134:8 142:5,7 143:10 144:8 145:2 146:13 147:5, 12 149:5,22 150:10, 17 153:18,19 154:2,4 155:11 156:17 158:15 159:17 160:2, 3,12,18,20 167:5 168:8 178:21 180:3, 5,11,13 181:5,11 183:15 184:6,20 185:2,18,24 191:5,23 193:21 194:5,6,23 195:21,22 196:5,12, 13,18 200:20 201:25 202:25 203:23 204:14,23 205:3,9, 11,15,16,25 206:8,21 208:10.12 209:9 210:24 211:4,13 212:13,21,22 213:11, 25 220:10,15 221:2 222:13 225:10,24 227:22 228:9 229:24 231:9,18 232:10 234:6 235:23 236:10 238:11 239:3,14,21, 22 240:16,23 242:24, 25 246:19,25 247:14, 15,16 248:4 249:5 250:11,22 251:11 253:12 254:6,7 255:11,23 256:18 257:6,11,15,20 260:14 262:19 263:9 265:4 269:7 270:15,

273:7 277:22 278:19 279:8 280:15,23 283:19 284:7,14 285:7,23 286:8,9 287:9,18,24 288:8,25 289:12 290:9,21 291:23 292:19 293:15,23 296:13 297:6 298:22 299:15 300:15 302:2,25 303:2,10,20 305:10 306:15,24 307:3,13 310:2,11,19,24 311:12 312:16,19 314:14 315:9,23 316:23 317:17,24 318:6,17,23 319:23 320:6,18 322:5,23 326:24 327:6,24 330:21 331:5 333:10, 18,20 334:10 335:4 336:14 338:3,5 339:16 340:18 341:3 342:21 345:12,19 346:22 347:14,19,21 348:10.11.12 351:15 353:11,15 354:4 355:5,9,15,21 356:3, 14 357:6,15,22 358:16,22 359:4,11 360:3,11,25 363:16, 22 364:10 365:6 366:15,25 367:16,25 369:4,8,17 370:3,25 371:10,25 372:22 373:4,20 374:11 375:3 376:20 379:10 380:25 381:14 384:13 386:14 388:19 389:5,15 391:4 393:24 394:10, 11,19

formal 231:20

format 293:14

forms 257:13

formulating 184:3

formulation 386:24

forthcoming 335:18

forward 79:17 376:25

found 53:17 66:12 125:6 140:15 394:8

Frank 5:5 8:10 9:11 10:11,18 271:4 305:8 395:14

frankly 232:2

Fred 249:21

Friday 208:18 329:18,25

front 110:12 122:12 140:16 279:21 281:7 294:9 301:11 302:9 305:4 309:7 343:6

frozen 144:9

frustration 364:17

full 189:8,15 190:9, 12,19 191:2 193:19 194:19 205:8,14,23 206:14,23 208:5 241:15 372:20

fully 13:4,7 17:4 364:19

fulsome 265:8

function 26:8,20 28:16 87:3 89:4 351:3

fund 3:18 9:22 22:21 33:23 35:2,6,18,19, 21 39:7 42:22 44:7 58:15 125:2,3,6,7,10, 11 127:10,13 145:16 152:14 176:18 202:14 203:14 215:14 273:17,23 274:16 275:2,4,6,8, 10,13 276:7,9,10 277:5,9,21 279:19 280:2 281:2,9,10,11, 12,13,15,20,23,25 282:7 283:23 308:4 325:22

fund's 274:23

funding 202:8

funds 32:22,25 33:2, 4,8,12,15,16,18,22 34:5,8,13,18,23 35:12,15,17,18 36:21,25 37:4,9,17 38:2,5,10,17,22 39:4 145:15 160:8 168:10 171:15 173:2,6,10,

22 271:8,18 272:9,17

Index: future..held

13,16,20,23 184:11 192:16,24 193:4,6, 11,16 253:19 277:4,8 281:15 284:5 285:3 286:17 287:5 328:5 332:7,12 360:9 361:6,11,13

future 171:12 174:16 175:13 185:17 337:4 369:13 371:7,9,13,20 381:17 388:23

G

GAAP 94:15 101:5, 16 109:10 130:21 131:23 241:13,15,20, 25 242:4,11 246:9 254:10 256:23 264:10 372:7

gaming 239:9

garbling 46:14

gave 45:14 57:11 149:2 197:23 205:6 215:10 312:21 343:9, 17

gears 321:25 324:20

gen 85:16

general 11:17 32:20 57:5 84:25 88:18 97:15,17 128:9,25 152:4,6,7,8 170:7 180:7 195:15 251:13 258:10 292:10 297:4 378:10 392:11

generally 54:9 61:2 62:14 64:2 80:23 84:24 87:6 89:7 95:8, 10,25 97:7 128:7,8, 19,24 129:8,13 162:2,3,8 170:6 180:14 187:19 189:20 192:11 194:8, 9,14 195:4 226:13 234:14 241:13 253:14,16,23 278:22, 24 279:3 290:2 297:16 311:3 333:25 334:2 337:4 356:12 357:13,18 358:20 366:7 372:18,24

379:11,12 387:2 389:10

give 12:25 20:11 35:5,9 38:15 45:4 49:6 51:7 86:15 96:15 97:17 116:14 117:4 123:12,13 150:8 159:22 163:17 193:25 235:25 236:6 267:8 300:8 348:21 356:9 357:9 372:9

giving 16:19 26:14 51:3 150:11 194:20 312:22 369:2

Global 35:18,20 124:25 273:17 281:8, 22

go-ahead 293:2

goal 295:19

God 156:19

good 7:3 10:19 72:16 118:5 156:19 248:11 251:3 324:22 353:3 385:5

governed 33:4

great 32:8 105:3 183:5 300:6 325:5

ground 11:17

group 14:5,7,24 15:4,14 16:14 29:23 146:5 148:24 149:2 150:15 154:19 172:13 258:13 290:16 291:9 292:2 294:18 295:9,13,22 378:16

groups 295:21

grow 88:23 89:4,9

guess 73:3 169:22 170:20 204:17 225:25 263:22 315:25 361:9

guidance 94:12,17 257:7,9,14

guy 25:21 81:19 88:25

guys 77:3 157:3

268:12

Н

half 72:16 145:10 280:20 324:23 377:21

halfway 48:18

hand 361:6

handle 291:14

handled 147:18

happen 141:14 156:15 165:2,15,18, 22 168:25 248:21 265:14 284:13

happened 87:23 156:22 165:17 174:19 247:3,5 273:15 286:4 294:3 320:10

happening 165:21 231:6 242:10 382:25

happy 117:4 188:19 200:10 215:7 389:25

hard 13:11,16 104:11 123:16 197:23 286:19

HARDD 3:22

Hardt 3:22 9:20

harmed 276:16 278:5

Harr 9:20

Hartmann 3:13 9:10

hat 336:4

Hatch 7:4 8:21

Hayley 3:7

HCFD 332:6

HCM 42:22 45:5 156:12 354:13 355:7 360:23 362:7,20

HCMA 186:18

HCMF 30:10 43:12 180:22 303:18

HCMF's 303:18

HCMFA 5:20 6:2 22:25 23:3,6,11,16, 22,24 24:6,9,11,13, 15,21 25:2,8,14,18, 24 26:3,5,8,22,24 27:4,5 29:3,6 31:5 32:18 43:12 54:14 100:23 122:2,7,13 124:14,21 131:11 132:6 133:12,21 134:11,14 135:6,21, 23 137:22 138:8.14 139:18 140:4,21 141:9,16 142:2,24 143:18 144:22 152:24 153:17 155:7, 10 156:4,13 158:4,12 161:7,17 171:13 172:20 176:14 178:12 179:13 180:22,23 181:2,8, 14,15 182:8,17 184:25 186:9,18 187:3,17 189:14,24 195:19 198:21 199:6, 12,14,19 201:15 202:7,12,14 203:14, 18 204:2,11,24 205:7,19 210:2,7 211:10 212:9.18 213:8 218:8 221:20 241:23 242:6 267:24 268:21 269:2,5,25 272:5,6,15,24 273:5 275:16 276:23 277:3, 18 278:16,18 279:7 280:11,21 284:5 301:9 303:6 305:25 308:14,20 310:10,16 313:15 314:7 316:6 318:14 322:3 325:12, 18 331:13 332:5,17 370:20 384:18 385:7, 12,16 386:4

HCMFA's 26:10 121:12,21 122:11 124:3 137:3,10 138:3,19 143:8 196:16 202:14 204:15,19 211:2 303:8 384:21 386:2

HCMLP 5:18,22 6:12, 13 171:13 176:9

185:16 314:7 316:5 317:6 341:19 355:12, 18,20 356:2 357:3, 13,19 358:4,13,20, 21,25 359:2,8,24 360:17 384:19

HCMLP's 228:22 356:12

HCMS 4:3 9:15 30:4, 6,7,10,13,16,20,22, 24 31:3 43:12 44:8,9 54:14 65:6 100:24 128:23 129:2,4 353:9,14 354:6,20,21 355:8,13,19 356:2 357:21 358:15 359:2, 8 361:5,15,20,25 362:4 364:3,25 383:19,25 385:7 393:21 394:7

HCMS' 356:13 357:13

HCMS's 359:13,19

HCRA 4:2 9:15

HCRE 31:8,14,15
32:4,7,10,12,15
43:18 44:7 54:14
65:6 100:24 128:4,5,
11,14 353:9,14 354:3
357:20 358:4,14,21
359:23,24 360:17
361:5,15,19,25
362:2,5,9,22,25
363:4,20 384:3
393:21 394:7

HCRE's 360:5,9,14, 21

head 87:13,16 278:3 364:15

headquartered 8:22

hear 46:13,20 148:12 304:3 364:16

heard 27:9 29:25 31:7 74:22 77:25 78:21,23 79:6,7 80:4, 5,7,22 100:6 268:5 285:3 324:15 386:16, 19,22

held 8:16 27:20 30:9, 12 37:8 107:12

Index: Heller..individuals

172:25 173:5 174:3 183:6 244:4

Heller 4:12 9:16

Hendrix 172:7 186:21 230:20 292:3 328:17,20 329:13 330:14 332:15 341:18,24 350:18 362:24 365:13 377:11,22

hey 45:3 188:6 266:17 312:24 351:14 365:4 391:23

high 126:25 238:2 279:11

higher 110:19

Highland 3:4,18 8:11 9:6,22 10:22 11:6 15:16,23 18:6,7,12, 25 20:3 21:6 22:21 30:2 35:17,18 39:10, 15,19,23,24,25 40:3, 4,7,25 41:18 42:6,10, 18,21 43:11,16,23 44:6 45:2,14,25 46:7 47:16 48:6,14,24 49:5,10,17,23 50:4, 10,14,16,21 51:6,10, 15,20,23 52:5,11,18 53:9,10,24 54:11 55:23 58:15,16,20 60:6 61:20 62:8,19 63:8,20 64:7 70:20, 24 71:7,10,18 72:13 78:18 84:22 85:2 86:13,22 87:8,18 93:20 94:5 95:13 96:7 103:2 105:17 107:12 109:22,23 110:8 112:8 115:21 116:4 118:23 120:8 121:16,20 122:23 123:21 124:13,20,25 125:3 126:11,23 127:2,16,25 128:5, 10,15,20,23 129:2,6 132:5 133:10,16,20 134:13 136:2 137:7, 11,21 138:8,11 140:21 141:9,18,23 142:25 143:7 144:23 145:17,19 146:5 149:19 152:13

160:10 161:8.24 165:7 167:3,9,14,15 172:14,17 175:13 176:15 178:19,23 179:13,22 180:2,9 181:21 182:2,6,11,15 186:9,11 198:20 199:5,11,18 200:13 201:15 202:7,12,13 203:13 204:12,16,25 205:13 209:25 210:6 211:9,11 212:8,11,16 215:14,17 216:22 218:8 219:21 220:19 222:2,17 223:5,24 225:9,21 226:2,3,9 227:5,20 228:8 229:2,6,9,21 230:3, 10 232:22 233:24 234:17 237:12,16 240:7 241:2,7 242:6, 9 243:4 244:4,22,25 245:5 247:7 248:23 253:18 258:10 259:2 260:4 261:9 263:17 264:18 267:7 271:2. 15,23 272:20 273:4, 16 275:16,21 279:18, 19,25 280:2,12,14,20 281:8,22 282:17,23 283:5,17 284:5 285:18 286:21 287:6, 15 288:7 289:7,8 290:16 297:3,16 299:24 302:20,24 303:6,17 307:7 308:4 313:6 318:10,13 319:11 320:4 322:10 323:8 325:22,24 329:3 330:16,19 333:22 338:17 339:3, 11,13,25 346:11,19, 24 347:12,17 348:2,4 350:14,20 353:7,8,13 354:2,6,19 359:16, 17,18,21,25 360:7,8, 13 361:19,20 362:4 363:4 366:4,14 367:10 368:4,6,25 369:11 370:13,19 374:9 377:13,23 379:19 380:3,24 381:12 384:21,22,23 385:8,13 390:11

Highland's 18:10,17 19:3 39:10,15 40:25

41:7 44:24 46:6 47:16,24,25 50:19 51:10,15,20 52:19 55:16 57:8,17 72:6 84:10,17 86:23 89:22 94:22 95:6 102:7,10 107:14,22,25 109:20 113:9 115:23 116:2,3 137:15 138:3 139:17 146:10 165:2,3 166:4 167:3 187:2 210:22 222:24 225:8,15,23 230:5 241:24 242:15 243:4 247:22 255:7 258:5 260:12 262:5 266:19 370:21 379:8 381:22,25 382:5,8

hindsight 265:6,11, 15

hint 346:15

hit 86:9

hold 21:12,16 23:5,8 25:13 27:17 34:15 37:3,15,16,21 39:6 163:12,25 167:12 184:9 192:15 193:9 199:13 212:24 308:5 329:10 387:12

holding 37:25

holds 184:14,18

holidays 329:23

home 191:17 207:15, 19 219:19 299:6,9 342:25 343:2 348:16 393:7

honest 144:3

honestly 78:4 198:22

hope 82:2 262:22

hoping 300:7

Horn 4:11,12 7:22 9:16,17 349:10,13, 22,25 392:15 394:25

Houlihan 273:23 274:3,10,25

hour 46:24 72:16 324:23 387:9

hours 249:24 260:17

HR 280:7 355:2 357:25

Hunter 244:23 245:2, 6 247:11 260:22

- 1

idea 150:2 154:21 156:23 201:24 232:14

Ideally 211:17

identical 298:11,13 299:20 380:13

identified 36:21 37:5,10 38:6,11,18 45:2 47:19 81:14 229:2,7 259:5,23

identify 35:14 42:14 52:17 57:23 58:6 60:10 61:3 62:25 188:24 191:18,25 264:24

identity 102:19 103:3

imagine 136:3

immaterial 53:3 94:19

immediately 347:8

impact 275:9,11,12

impacted 229:8 230:4

impacting 228:21 229:3

impairment 240:21, 24 241:3,5,11

important 11:21,25 12:25

impossible 299:7

impression 363:12, 18,24

in- 294:9

in-house 164:7

in-person 12:22 191:15 283:9,12 290:20 292:16 323:4, 12,18 342:23 392:21

inability 299:12

inaccurate 112:25 116:21 117:2,17 136:18 138:20,24 256:16

inaudible 48:14 148:10

include 26:9 106:25 189:7 230:3 259:24 263:3 305:7 351:18 355:3,8,13 368:17

included 54:17 81:4 108:4,7,19 175:13 176:23 183:21 194:18 200:12 213:22 217:23 222:2 232:14 239:11 243:12 251:15 252:12 312:12 315:8, 21 326:18 336:22

includes 172:3

including 132:11 178:15 253:24 335:21 366:21 368:6

income 35:18 179:17

incomplete 112:25 116:22 117:2

incorporated 153:9

incumbency 5:20 151:25 152:5,9,13 154:20 159:19 183:11 270:3

incurred 336:12 385:18

independent 72:7 166:22 233:7,12,15 348:3

indirectly 15:6 16:7 17:24 42:8,16 43:14 88:3

individual 11:3 271:24 272:25 300:10,12

individually 9:11 16:10

individuals 15:15

Index: indulging..L.P.

276:21 285:18

indulging 353:5

inform 190:18 210:19 211:2 335:16 336:6 337:24

information 16:14 80:19 86:10 88:13 91:12 112:5,17 117:14,15 169:11,13 171:20 176:8,15,22 179:16,17,18 188:8 206:3,5 218:20 230:3 236:7 237:13 257:18 274:4 312:10,24 344:19 368:11

informed 69:18 178:17 190:24 210:5 211:9 212:8 288:15 335:16,23 378:7

informing 64:13 181:25 182:11 330:5

initially 132:17 185:5 247:3

initiated 58:10

initiating 58:12

initiative 290:5

ink 296:22,25 298:4

ink-signed 297:3,10

inquiries 160:9

inquiry 210:12 274:16,17 376:6

inside 187:22

insolvent 302:22

installment 217:2

instance 52:12 57:16 60:10 377:16

instances 335:25

instruct 133:6 164:3 210:10,13,19 381:25

instructed 77:15 147:8,9,23 241:19 291:7,8 315:7 362:8 381:22

instruction 8:6 57:11 74:14,23

instructions 256:7 347:25

insufficient 122:8

insurance 385:17,22 386:2

insured's 385:25

intend 208:6

intended 111:21 214:19 288:23 315:5,

intending 16:25 146:16

intent 306:14 318:20, 25 380:10

intention 81:11 307:11

interest 50:3 55:25 56:22 57:18 58:2 59:14,17 60:13 62:18 63:2,10 64:5,15,22 119:10,16,21 120:22 162:6 163:22 164:25 165:11 167:11 168:5 217:17 223:18 273:18 334:9

interests 55:17

internal 271:17

internally 275:16 329:2

interpret 119:8

interpreted 74:20

interrupt 375:23

interrupted 76:25

interrupting 77:16,

interviewed 322:18, 22

intimately 292:6,13

intimidate 376:13,17

introduce 9:2

invalid 136:24 235:5

investigations

275:17

investment 4:10 9:18 32:21 65:11 127:17,24,25 128:12, 14,16 129:3 244:23 245:3,6 247:11 273:24 274:15

investments 128:17 129:5,6 249:23

279:21

investors 275:10 276:12 277:4,8,21 281:18

invoices 185:10

involve 366:13

involved 237:10 245:2 264:17 274:14 275:15,21 276:21 288:4 292:6,13 293:6 354:10

issuance 131:5 138:10.18 371:14

issue 54:7 178:14 191:13 201:25 204:10 208:24

issued 56:16 60:5 62:19 65:8,18 66:8 81:13 82:15,20 93:13 107:13,20 108:2 131:11 132:6 133:12 161:23 162:5 180:10 218:25 223:7,17 233:8 234:10,15 235:4,9,21 236:8 242:8 243:7 261:9 262:6 263:6

issues 113:5 248:14 306:19

item 108:19 111:11, 18 112:4 119:2,16 123:6 185:21 220:5 238:20 259:18,24

items 53:3 97:21 100:9 112:3 131:21 149:8 228:21 229:3,7 230:4,7 249:22 260:6

J

James 234:11 271:25 273:2

January 70:16 163:7,8 219:11,13,17 258:20 326:8 341:6, 18 344:2 350:5,9,13, 24 351:20 361:25 362:3,7 364:8 365:2, 15 383:23

Jason 185:3 275:24

Jim 4:2 9:14 15:6 16:8 19:8 43:15,24 44:5 50:11,25 65:16 67:6,22 68:18 71:23 72:2 75:24 78:9,16 82:22 123:3,20 189:9,16 190:10,13, 15 205:9 206:23 232:18 273:2 280:19 342:5,7 351:5,10,14 362:8,10 363:8,18 365:3 367:8 368:22 379:25 381:9

Jim's 367:22

job 25:19,25 42:3 219:20 313:2

John 3:6 7:24 9:4 10:20 45:3 46:13,18 69:13 74:8 76:15,17 77:10 95:17 105:23 129:18 146:13 154:7 155:18 157:6 177:6 192:18 208:13 216:2 222:14 236:18 267:18 304:6 308:7 353:18 385:3 387:10,

join 18:12 317:25

Jones 3:8 9:5 10:21 72:10

July 307:24 317:9

jumping 234:18

June 92:2 98:17 99:25 103:2 132:25 135:2 137:6 176:10, 24 186:16 200:7 242:23 262:16,24 263:13 265:3

Κ

Karesa 249:21

key 275:20

kidding 330:23

kind 168:2 188:12 221:12 222:23 245:22 250:5 274:16 276:4 323:6 329:22, 23 337:8 353:13 356:10 358:13,14 380:23

kinds 353:6 354:2 357:2

Kirschner 4:16 10:5

Klinger 7:12 8:24

Klos 87:20 124:9 172:6 230:19 275:23 292:3,18 389:9

knew 68:18 103:9,10 369:2

knock 364:19,20

knowable 371:14

knowledge 43:10 46:5 47:23 48:12,21 49:9 50:13 52:5,10 53:10 62:5 63:12,16, 21,23 79:23 80:10 81:5 82:7,8 89:23 93:23 95:3 98:17 101:13,19 102:2,25 106:25 111:16 112:6 138:16 144:24 147:8 153:13 167:8,22 184:10 188:15 189:9 194:13 206:5 207:8 208:2 225:5,12 226:21 232:21,23,24 237:11 243:4 259:22 322:19 324:17 384:18

Kopf 3:22 9:20

Kristin 172:7 186:21 230:20 292:3,12 328:17 342:11 343:8 350:17,18 362:23 365:13

L

L.P. 3:19 8:12 9:6,23 10:22 11:7 15:16,23

Index: La..made

18:7 41:19 42:10,18 43:16 58:17,21 109:23 110:9 152:14 172:15 271:3 279:20 325:25 329:3

La 4:24 104:25 118:3 129:16 135:10 177:14 218:14

labeled 8:9

laborious 145:12

laid 56:6

landline 393:7

language 101:4 315:21 316:2,3

large 287:22 379:22

largely 11:18

larger 356:8 357:10

late 323:6 379:21 387:9 388:3 390:17

launching 127:10

Lauren 171:4 183:24 192:5,12 275:24

Lauren's 185:9

law 12:11 306:9,11, 20

Lawn 4:7

lawsuit 55:8 164:13 181:22 375:19 376:6, 23

lawsuits 53:25 54:7, 10,12 322:15

lawyer 73:19 154:15 157:7 164:5 266:16 373:24 375:16

lawyers 147:20 374:3

lead 269:15

leading 269:8

learn 65:15 67:15 89:4.9 104:13

learned 66:16 68:3,8, 11 69:25 70:6,10,15, 19,23 71:17 76:2 80:19 90:19 340:17 learning 75:3 83:23

leave 157:23 321:13, 15,20

led 342:7 348:4

ledger 258:10

leeway 16:13 208:14

left 20:2 70:20 71:10, 18 87:8,18 164:25 165:3 166:4 167:3 226:2,3 232:22 296:17

legal 7:5 8:21 25:5 29:23 42:19 43:5,7,8 44:17,21 45:4,9,17 46:11 47:20 48:3,16, 25 49:13 55:21 107:5 126:4 127:11 142:6 143:15,19 146:5,10 147:3,9,24 148:2,4,5 149:7,11,15,24,25 150:20 153:2,7,8,12 154:8,19 155:12,13, 15,23 156:2,6 157:8 164:12 167:20 172:13 183:9 193:16 212:25 280:8 290:16 291:9,13,16 294:18, 20 295:5,8,13,22 296:4 322:18,22 351:18,21 354:8

legitimate 348:18

lender 273:4

lending 127:2 302:21 303:17

lengthy 105:15

letter 91:16 92:2 93:13 95:5,16 96:9 98:23 99:2,3,7,11,16, 21,25 103:7,14,18,23 104:8 106:11,15 130:8 135:25 136:7, 17 262:16,22,25

letters 94:21 95:11 96:19,22 97:3,8,13, 19,25 98:9 136:14

level 22:11 53:7 92:25 93:5,25 238:2 279:11 287:23 288:4

levels 274:2

liabilities 5:24 175:17,22 190:2,6 194:2 195:19 196:2, 8,17 204:19 211:3 220:4 237:20,23 242:12 301:8 303:9 307:9 317:8

liability 175:14 217:24 276:24 277:19 280:21

liable 306:12,21 307:11 317:21

license 21:22,25 22:2,8,9

licenses 21:13,16,21 22:12.16

life 377:2

light 293:2 299:11

lighting 35:25

list 83:12 100:9 243:17 245:16,24 246:6,23 247:10,25 249:2 250:10 251:22 254:3 317:9 377:22

listed 214:6 238:8 311:10 312:3 330:13 371:8

listen 40:14 47:8 114:13 144:14 223:12

listening 40:18 252:7

lists 152:10

litigation 4:17 10:5,6 16:12,20 17:3 267:15 373:23 374:5 375:25

LLC 31:8 32:4

LLP 9:13 354:13

loan 40:7 42:18 43:16 45:21 48:8,15,23 49:4,10,17,24 50:4, 15,20,24 51:2,5,16, 21 52:6,13,17,22 53:11 60:21 61:3,10, 19,22,23 62:9 63:10, 15,22 64:10 93:20 94:10 126:16,17 128:15 142:5 145:6 203:13 225:13,20 254:3 270:20 271:5, 15 272:7,8,16,21 284:5 285:5,6,11 303:6 318:15 331:14 332:9,14,17,24 333:3 335:12 357:2,13 358:20,25 359:2,9,25 361:18 362:22 363:8, 13,19 364:3,9,25 365:16 393:23

loaned 39:11,16,19 41:2 43:23 48:14 50:10 124:14,17,20 126:23 128:10 202:7

loaning 39:24 307:7 317:6

loans 40:4 41:8,23 42:9 44:10,12,16 45:15 46:8 47:18,25 48:6 51:11,23 52:22, 25 61:9,25 91:2 94:6, 8 105:8 125:24 126:10,11 128:15 129:10 131:2 202:14, 17 225:6,7 255:8,14 259:24 271:11,20 273:6 287:7,8 288:22,23 317:6 318:4 331:22 333:12, 14 335:13 355:19 365:23 369:3,11,14 370:10.15

log 393:12

logging 395:3

logical 291:20 309:23 315:4

logically 310:9

logistically 321:10

Lokey 273:23 274:3, 10,25

long 192:8 233:4 333:14 353:4 385:3

long-term 333:17

longer 282:2 380:15 381:11

looked 101:2 111:12,

18 134:6 136:2 158:5,14,19,24 159:5,10,16,24 160:17,25 198:19 201:8 220:9,13 222:5 224:2 262:8 265:8 316:10,13

loop 148:3 294:19

Lord 248:11

losses 276:7,11

lot 55:4 143:24 147:16 162:15 188:3 208:13 225:4 245:21 248:16 249:11 278:2 286:22 289:24 307:15 320:9 349:19 364:14 373:12,13

lots 169:12,13 373:8

Louisiana 4:14

love 252:17

lower 274:2

LP 3:17 9:21

lunch 139:25 150:22 158:6,14,20,25 159:6,11,16,24

lured 231:4

M

Madam 268:8

made 15:14 46:8 47:18 48:6,9 49:24 51:11,16,21 52:6,13 56:8,14,22 57:6,25 58:4,11 60:21 61:4, 11,19,22 62:2,4,18 63:2 64:5,9,14,22 78:5 98:19 121:24 122:2,9,15,21,22 124:4 125:25 127:21, 24 128:14 129:12 130:9 131:4 134:17 139:9,13,16 148:5 159:9 161:4 162:10, 11,18 163:6,10,21 165:10 168:2 182:15 190:14 195:10 202:6, 13 203:14 217:14 225:7 242:6 245:8,9

Index: Madison..mistakenly

261:19 262:24 271:21 288:21 295:17,23 299:7 306:12 314:2 315:15 316:21 317:15 327:16 328:5,8 334:22 335:3 343:19 345:11 350:23 351:8, 20 358:20 359:7,14, 20 360:2,17,23 361:25 362:2,4,6,12, 16,18,22 363:7 364:25 365:10,14,15 373:19 378:8 379:16. 23 382:22 383:23 384:6,7,9,11,20 385:16,21,25 386:2 390:21 394:8,18

Madison 4:20 maintain 90:5 maintaining 258:5

make 36:4 41:25 42:3 57:17 63:9,14 74:3 83:2,5 86:8 88:16 89:21 96:14 112:16 117:10 123:23 127:16,18,21 129:5 136:16,23 145:6 157:17 164:19 176:19 177:7,12 187:3,17 198:20 199:19 200:14 209:25 210:7,16,23 243:5 272:21 277:24 285:9 288:10.13 294:18 295:20 296:5 297:8 303:4 315:11 317:5 318:4 324:14 325:2 331:22 332:7 334:8 338:23 340:2 342:9 344:20 346:12, 20,25 348:5 350:19 351:6,14 358:7,25 359:9,10,15 360:6, 10,23 361:6 362:6,7, 9.17 363:3 365:4 367:21 373:12 377:17 380:23 381:11.17.22 382:2. 6,14,19 384:24

maker 140:20 142:25

392:6,12

390:5,7 391:2,12,20

216:19 305:18

makes 123:16 153:3, 22 345:17

making 40:7 41:22 88:6 160:9 282:22 293:4 335:9 337:20 343:4 344:23 345:4 363:9,14 381:3,6

manage 26:7,17 28:15 38:23 116:11 354:11

managed 113:24 125:2 332:13 361:12

management 3:5,18 5:16 8:12 9:6,22 10:22 11:7 15:16.23 18:7 22:21 26:20 30:2 41:19 42:10,18, 22 43:11,16 44:6 58:15,17,20 70:21 90:21 91:16 94:21 95:4,16 96:8,18,21, 23 97:2,8,12,19,24 98:9,25 103:17,22 104:8 106:11,15 109:23 110:9 125:3 128:20 130:8 135:24 136:6,13 152:14 172:14 215:14,17 232:13,15 262:16,21, 22,25 271:3 279:18, 19,22 280:2,3 308:4 325:22,24 330:16 332:12 354:7,19 359:16,18 360:7,9,14

manager 116:9 230:16,22 291:12

managers 88:23,24 230:18 274:5 292:2

managing 88:21 292:5

Marc 4:16 10:5

March 14:8 323:6

mark 49:18,21 232:18 268:15

marked 91:21 104:24 135:13,15 142:16 151:21 170:19 197:9 215:23 216:7 218:17 226:24 236:23 237:18 258:18 297:23 302:8 307:21 309:6 328:13 338:13 341:14

market 119:6,9 120:15 240:21 241:17 242:7 243:5 265:11 274:2 371:15

matching 222:22

material 53:12 104:5 111:22 112:3 113:11 131:6 133:25 171:11 174:14 185:15,21 274:15

materiality 52:24 53:7,16,20 92:18,20 93:2,5,8 94:2,7,9 98:15 104:7 117:11, 13

materially 274:23 materials 175:4

maternity 321:12,14, 20

math 109:17 110:13 221:8 239:24 260:15 311:7

matter 236:21 260:9

matters 313:5

maturity 314:22 315:6,7

Mckenzie 3:14 9:9

meaning 231:3 274:18 276:12 290:13 296:4

meanings 41:14

means 33:23 41:11 118:17 284:16,22 329:19 366:3

meant 186:8 301:24

measurement 240:18

mechanic 155:13,16

media 8:9

meet 194:3 323:3 378:25

meeting 68:5 70:2 168:21,23 169:15 189:7 192:9 206:12 231:20 283:9,10 290:20 300:23 323:11

meetings 184:8 323:20

members 89:2 166:23 191:21 192:3 233:16 237:7,9 323:16

memorialized 75:9

memory 95:23 133:2,5 224:11,16 314:20 319:17 331:17

mental 260:15

mentioned 131:17, 20 273:10 281:2 282:12,15 289:15 351:12 368:24

met 268:3

methodology 274:18

Michael 4:5 9:24

Michelle 3:13 9:9 151:7

micromanage 337:6 micromanaging

89:3

mid 341:5 366:9,10

middle 119:19 121:8, 9 152:21

milestones 66:3,9, 12,22 69:2 76:3 79:2, 9 84:4

million 92:22 119:23 121:3,6 124:17 131:13 132:2,8 138:12 140:14 141:9, 18 142:19 143:12 144:6,17,23 161:25 178:19 216:17 217:16,19 220:13,20, 24 221:7 223:7,17 224:2 238:9 239:10, 12,24 268:22,23

270:20 271:6,7,15,16 272:7.8.16 273:6 277:11,12,16,20 278:6,7 282:14,15 283:18 287:15 288:6, 20 302:22 303:6,18, 24 304:11,20 305:23 306:2 307:7 308:16, 20,21,22 309:25 310:17,23 311:2 315:13 317:6,10 318:14 334:7,19 336:13,23 337:25 339:4 340:10 341:23 343:19 344:5 345:11 350:7 351:22 389:13,

million-plus 289:22

millions 260:19

mind 19:20 59:23 60:4 160:6 161:17 198:18 305:17,21 394:16

mine 268:15

minimal 86:4,5,17

minute 129:19 174:8 372:9

minutes 53:23 139:24 174:21 176:4 182:23 266:20 267:3 325:3,4 348:25 372:12

misapplication 163:15

misremembering 229:13

missed 339:12,14 340:7

misspeak 301:23

misspoke 301:21 336:16

mistake 61:17 139:9, 13,16 159:9 161:4 162:11,19 165:9 181:10 306:23 314:2 316:22 317:15.22

mistaken 304:14

mistakenly 167:10

Index: mistakes..North

168:4 214:11

mistakes 384:19

mode 283:9

model 274:3

moment 117:4 198:10 222:5 224:3 276:5 307:22

money 39:11,16,24 41:2 43:24 49:11,17 50:10 62:9 124:14,20 126:6,23 127:3,15,25 128:5,10,23 129:2,5 145:16,18 186:10 276:13 282:8 283:5 285:18 318:10 319:11 320:4 359:9, 13,24 360:21 374:22

moneys 39:19 162:5 167:9 277:8 282:17 283:16,22 289:5 359:15

month 59:11 132:23 226:16 229:15 258:21 332:4

month-and-a-half 323:10

monthly 5:25
226:11,14 227:5,20,
25 228:12 229:10,19,
21 230:2,11,22
231:14 232:6,8,13,
19,20 255:18 256:14,
19 259:9,12,14

months 261:21 292:25

morning 7:3 10:19 342:16,18 344:12,14,

Morris 3:6 5:6,9 7:24 9:4 10:7,15,20 13:10, 17 16:9,24 17:11,14, 19,20 22:16,18 31:18,19,21,25 35:24 36:5,11 45:6,10 46:15,23 47:4,6,11 55:4 69:8,11 72:15, 18,25 74:3,9,13,18, 24 75:11,15,19 76:19,23 77:2,11,19, 22 81:16,18,21,23

82:10.13 91:8.18.22. 24 92:9.11.14 95:9 105:4,25 110:22 114:11 118:2 129:15, 21,24 130:14,18 135:5,10,13 136:9 137:24 139:20 140:11,23 142:14 146:17 150:21 151:19 154:3,13,16 155:19,22,25 156:18, 25 157:3,10,13,21 170:17,20,25 171:24 174:18 177:9,14,16, 19,23 178:10 195:6 196:20 197:6,21 201:11 202:3 207:15 208:20 209:13 214:4, 8,10,14,21 215:3,10, 21,24 216:4,13 217:5,8 218:11 219:25 221:23 222:16 224:18 226:22 228:18 236:15,20 243:15 246:13 247:21 248:5, 11,22 249:18 250:6 251:23 252:4,8,16,24 253:4 254:17 258:16 259:16 265:23 266:9, 17,24 267:14,20 268:14 269:7,12,18 270:15,22 271:8,18 272:9,17 273:7,10 277:22 278:19 279:8 280:15,23 282:12,18 283:19 284:7,14 285:7 286:9 287:9, 18,24 288:8,25 289:12 290:9,21 291:19,23 292:19 293:15,23 295:12 296:13 297:6 298:22 300:15 301:13 302:2, 11,15 303:2,10,20 304:3,7,12 306:15,24 307:13 308:5,8,13 309:10,12 310:2,11, 19,24 311:12 312:16 313:13 314:12,14 315:9,23 316:23 317:17,25 318:6,17, 23 319:23 320:6,18 322:5,23 326:24 327:6,24 329:10 330:21 331:5 333:10,

18 334:6.10.21 335:4 338:3 339:16 340:18 342:21 345:12,19 346:22 347:14,19 348:12 351:15 352:4. 8,16,18 353:11,15,19 354:4 355:5,9,15,21 356:3,14 357:6,15,22 358:16,22 359:4,11 360:3,11,25 363:16, 22 364:10,22 365:6, 21 366:15,25 367:16, 25 369:4,8,17 370:3, 8,25 371:10,25 372:22 373:4,20 374:11 375:3,24 376:20 377:6 387:7 388:19 389:5,15 390:9 391:4,14 392:7,13 393:24

Morris' 313:9

MORS 256:3

motion 374:14 376:7

394:11,19,23 395:5

Mountain 244:23 245:3,6 247:11 260:22

mouthpiece 206:2

move 69:11,12 114:11 208:19 246:13 247:21 248:22 250:6 252:23 307:17 364:22 376:25

moved 126:6

moving 248:5

muffled 48:19

multi-month 145:11

multiple 279:3 320:25 321:2 373:7,8

Munsch 3:22 9:20

mute 36:10 350:2

myriad 248:14 249:11

Ν

N-A-V 273:11

naively 263:23

named 44:3 376:23

names 229:11 300:8 309:19 311:25 312:4, 13 375:20

Nancy 4:2 9:14 65:9, 17 66:7 67:6,22 68:19,25 75:25 78:16 82:22

Naomi 321:7

narrative 111:17

nature 84:4 85:6 144:2 147:17,18 180:20 230:8 240:22 253:18 259:15 271:20 276:10 279:22 280:9 292:22 294:22 325:19 329:24 333:13 354:12 356:6,17 357:11 378:23

NAV 125:6,9 131:17, 24 132:3 145:8 273:11,14 274:23 275:8 277:5 278:15 280:12,22 281:13 289:6 318:15 373:10

needed 155:2 250:17 257:13 271:21 289:6 318:13 354:15 358:8 382:15.17

needle 118:4

negative 7:25 394:14

negotiated 390:8

negotiation 382:25

negotiations 58:19 383:2.6,12 384:14

Nelms 233:21

Newman 4:18 10:3

Nexpoint 3:17 6:4 9:21 27:10,12,15,18, 21,25 28:4,6,16 29:7, 10,12,16,24 31:3,11, 17 32:17 42:21 43:12 44:6 54:14 58:7,11, 14 60:5 65:6 100:23 126:9,13,16,23 127:3,10,11,15,18,24 161:23 162:5.7.11.18 163:23 164:6 165:11 167:7,8,13,15 168:2, 6 171:13 172:21 176:14 178:12,17,18, 22 179:13 182:3,12 184:21,23 186:9,21 189:15 196:3,23,24 216:20 217:14,23 218:3,19 219:15,22 220:18 221:6,10,13, 25 223:5,24 241:23 242:6 260:4 267:24 309:24 322:3 325:14, 18,21 326:16,23 327:4,10,17,20 328:6,7,8,25 329:3 330:11,18,19 331:2 332:14,17 333:8,15, 16 334:5,8,22 335:3, 9 336:13 337:13,23, 24 338:23 341:19 342:9 343:18 345:17 346:12,16,20 348:4 353:8,21 358:15 379:16 381:23 382:10 383:24 384:3 390:5 391:2,10,12,19 392:5

Nexpoint's 59:18 218:6,12 219:6 331:3 336:22 350:19

Nguyen 3:21 268:10 297:19 298:9 302:5 303:14 305:3 306:7 307:19 308:11,25 309:3,4 311:22 313:8 317:3 331:9 332:21 338:12,21 341:15 343:11 345:23

night 376:8

nomenclature 350:4

non-american 284:10

non-orderly 274:8

nonlawyer 375:13

nonsense 156:6

Norris 183:3,6 184:2, 7,9 192:15,23 193:5

North 3:15,23

Index: Northern..obligations

Northern 8:13

note 13:11 45:14,21 48:15,22 49:6,12 50:15,22 51:7 56:7 57:4,19 59:18 60:5, 13 62:19 63:3 64:6, 15,23 78:17 107:20 117:9,12 120:18 122:4 126:12 134:6 140:14,17,20 141:22, 24 142:2,4,18,22 147:15 149:17 150:4 161:24 162:4,7,18 163:23 165:12 167:11,15 168:6 182:3.12 186:18.22 187:17 213:16 214:4 216:16,20 217:2,13, 23 220:5,8,13,18,20, 23 221:5 222:4,10 223:4,7 224:2,9,12 233:22 234:10 243:17 244:23 245:3, 7,13,16,23 260:22,25 261:9 306:11,18 309:16,24 310:9 312:2,14,15,24,25 313:15,16 315:13,14, 16 316:17,18 319:12, 14 324:16 334:6,13, 18,19,23 335:21 336:13,23 338:2,17 339:4 340:10,14 341:19,23 342:9 343:4 344:25 345:18 347:7 362:13,14

noted 185:5 186:17

notes 6:10 44:20 45:2 46:2 49:21 50:18 54:3,6 55:7,18, 25 56:10,15,23 58:2 65:7,14,18 66:7 67:3 68:14,17 76:2 82:15, 20 83:6,10,13 106:21 107:2,12 108:2,14,18 109:5,7,17 110:6,25 111:5,8,12,22,25 112:18,23 113:9,10, 13,18 114:19 115:3 118:12,13,25 119:3, 6,9,11,22 120:19 121:3,21 122:8,15 123:6 124:3,15 130:23 131:12,16

132:7,10,14,20 133:13,21 134:5,14, 17,23 138:11,20 139:5,10,17,21 142:10 143:6,7,14, 21,23 144:5,12,16,22 145:4,23 146:2,4,7, 11,14,25 147:10 148:15,18,24 149:2 150:5,8,15 158:5,13, 19,24 159:5,10,23 160:16,25 161:5,9, 10,19 162:11 171:13 175:16 178:14,15 179:14,21 180:2,10, 24 181:4,9,16,22 182:8,16 205:19 209:2 210:8 213:7,8 222:2,17 223:13,16, 19,23 224:9 233:8 234:15,23 235:4,9, 14,21 236:3,7 238:20,25 239:4,5, 11,18 240:10,20 241:6 242:7 243:6, 11,18 244:4,15 246:6,15,22 247:10, 24 248:25 250:9 251:8,15,21 252:12 253:10 261:12,16 262:6,11 263:6,15 264:19 268:21,24 282:14 284:19 285:15,17 288:21 289:10,16,18,22 290:8,13,16,24 291:5 293:13 296:9 297:4, 5,11,17,21 298:17 299:11,14,18 300:13 301:18 304:19,24 305:2,18,22 306:21, 23 307:12,24 310:17 312:11 313:20 314:13,23,25 315:2, 20,22 316:2,14 317:10,16,21 319:5, 9,15,18,22 322:20 323:20,25 333:17 338:7 364:13 366:22 367:23 368:6,17 369:15,19,20,25 370:9,11,17 372:11 386:9,10

notice 7:25 356:9 357:9 379:6 380:10, 15,16,17 381:4,7

noticed 16:12,20 248:6 375:25

notices 380:21

November 59:12 328:16 329:14,19 330:15 331:12 332:3 380:9,18 388:3,6 390:22

NPA 5:15 189:24 328:21,22 331:13

NTA 338:16

number 8:9,14 13:13 15:24 17:25 93:7,10 100:10 108:9 111:7 126:10 135:10 137:25 139:22 170:24 177:15,16 179:4 197:4,7 218:13 222:21 236:21 239:25 240:9 277:17 282:9 285:15,16 286:5 343:25 344:5 370:22 377:9 389:18,

numbers 240:5,6,23 268:13 278:10 343:5 366:12,19 367:6

0

Oak 4:7

object 29:20 45:7,8,9 47:4 60:24 65:19 66:10,15 67:9,24 69:6 73:24 77:13 78:19 79:20,25 97:4 107:16 115:5 119:12 144:25 146:12 147:4, 11 149:21 151:13 156:7,16 159:25 164:2 180:4,11,12 191:4,22 194:6,22 202:24 206:7 208:10, 11 211:4 212:12,20, 22,24 213:25 220:25 225:10 227:21 231:8 232:9 239:20,22 248:3 249:4 250:11 251:10 253:12 254:7 255:10 256:17 262:18 269:7,14,17 347:21 348:11,12

352:14 365:6 381:13 384:12 386:13

objecting 154:3

objection 8:4 17:9,

10 20:4,20 22:14 25:15 31:16 33:9 34:20 40:10 41:4,12, 24 42:11,12,19 43:17 44:17 45:4,16 46:10 47:20 48:3,16,25 49:13 50:5,7 52:8 53:18 54:8 55:10,20 56:11,25 58:25 59:19,25 60:7,15,16 61:12 62:11 63:13,24 64:17,19 65:12 66:24 67:17 69:5,9,10 75:6, 10 79:4,14 80:12 82:24 83:25 85:15 86:2 91:4 94:3 96:11, 20 99:17 107:4,15 108:5 110:11 111:24 112:20 113:20 114:20 115:6 117:6. 18 119:13 120:16,17 122:10,16 124:6,23 126:3 127:19 132:16 133:23 134:8 142:6 143:10,15 144:8 149:5 150:10,17 151:16 153:18,19,25 154:6 155:11 157:2 158:15 159:17 160:3, 12,18,19 167:5 168:8 178:20 180:3 181:5, 11 183:15 184:6.20 185:2,18,24 193:21 194:5 195:21,22 196:4,11,18 200:20 203:23 205:3,15,25 206:21 210:24 211:13 213:11 220:10,15 222:13 225:24 228:9 229:24 231:18 234:6 235:23 236:10 238:10 239:3, 14 240:16 242:24 246:19,25 247:14 250:22 251:12 254:6 255:12,22 257:6,20 260:14 263:8 265:4 266:19,23 267:21 270:15,22 271:8,18 272:9,17 273:7 277:22 278:19 279:8

280:15.23 283:19 284:7,14 285:7,23 286:7,9 287:9,18,24 288:8,25 289:12 290:9,21 291:19,23 292:19 293:15,23 296:13 297:6 298:22 299:15 300:15 302:2, 25 303:2,10,20 305:10 306:15,24 307:2,13 310:2,11, 19,24 311:12 312:16, 18 314:14 315:9,23 316:23 317:17,23 318:6,17,23 319:23 320:6,18 322:5,23 326:24 327:6,24 330:21 331:5 333:10, 18,20 334:10 335:4 336:14 338:3,5 339:16 340:18 341:2 342:21 345:12,19 346:22 347:14,19 348:9 351:15 353:11, 15,18,24 354:4 355:5,9,15,21 356:3, 14 357:6,15,22 358:16,22 359:4,11 360:3,11,25 363:16, 22 364:10 366:15,25 367:16,25 369:4,8,17 370:3,25 371:10,25 372:22 373:4,20 374:11 375:3 376:20 379:10 380:25 388:19 389:5,15 391:4.14 392:7.13 393:24 394:10,11,19

objections 209:9

obligated 161:18 262:13 304:23 334:8

obligating 144:22

obligation 234:22 242:20

obligations 160:9 178:15 179:12 180:2, 9,23 185:15 194:4 208:8 327:13,21 328:8 332:5,8 333:17 335:17 336:6,7,10 361:19 380:2 390:10, 12 391:7,8

Index: obligor..payable

obligor 264:18

obnoxious 364:23

obstacles 90:23

obtain 57:12

obtained 48:23 49:5 50:4,16 51:6 126:10 128:15 176:16

obtaining 62:10

occur 169:6 280:13 331:21

occurred 103:13 104:5 125:17 126:2 263:13 278:15 299:25 331:24 339:7 369:24 390:24

October 8:19 21:7 160:5,7,14,21 169:17,24 171:19 172:4 173:24 174:6 183:7,14 186:11,13 189:13 207:16 219:24 263:19 314:20 316:16

odd 303:12 307:6

offense 352:23

offhand 342:11

office 279:21 280:3,5 294:4,10 323:13,14 326:15 388:22 389:2

officer 14:12 23:6 26:25 27:6 28:24 29:2,7 32:14 35:10, 12,16 36:20,24 37:6, 18 38:3,5,10,16,22 39:3,24 51:22 52:6, 17 120:8 143:18 173:7,9,13,16,20,23 174:3 184:23,24 258:25 269:5,24 270:10,14 271:2 302:19 362:25

officers 15:22 29:24 39:11 40:5,8,12 51:23 52:13 93:21 153:9

offset 380:2,3 382:25 390:9,11,13

offsets 58:21 381:18, 19 383:13

Okada 49:18,21,24 50:2 118:3 232:18

omitted 309:19

one-day 331:14 332:9,17

one-third 239:18

one-word 174:9

ongoing 125:11 202:8,14 203:14

open 36:13 376:5

open-end-to-closeend 125:12

open-ended 125:7 275:4,8 276:10 281:9,11 282:7

operating 5:22,25 90:10 226:11,14 227:2,4,19 228:7 255:18 256:14,20 259:9,12,14 359:14

operational 143:25 147:17

operational-type 291:11

operations 202:8,15 203:14

opinion 120:6,7,10 204:8 205:9 247:17

opinions 204:15

opportunity 13:2

oral 65:8,16

order 13:3,7 105:11 128:16 129:6 288:21 360:9

ordinary 226:9 229:22 293:18

organizational 112:13

orient 365:24

original 223:25 232:11 274:24 277:14 originally 177:21 232:16

originals 297:4,11, 16

Orleans 4:14 9:17

outboxes 294:9

output 90:6

outstanding 118:12 119:22 142:10 171:11 174:15 175:12 185:10,23 186:8 202:6,18,23 203:7,8,13 220:18 222:3,12 223:4,14, 19,24 224:13,17 235:10,14 244:16

overpaid 58:16 381:16

overpayment 381:20 390:13

overpayments 58:22 379:22 380:3 389:4.12

overruled 17:15

overseeing 26:10 86:22 230:11

oversight 257:15

overspeak 115:16 252:3

owe 375:15

owed 125:8 160:10 161:8 178:18,23 185:6,16 186:9 199:12 204:12,25 205:13 212:18 275:13 297:17 308:20 310:17 358:21 380:3

owing 50:3 211:11 212:10 223:6 234:23 285:18

owned 15:6 16:7 17:24 42:8,16,24 43:3,13 273:17

owner 272:24 281:25 282:3

Ρ

p.m. 150:24,25 151:3 174:6 224:23,24 225:2 266:5,6,8 325:7,8,10 349:6,7,9 372:14,15,17 395:10, 11

Pachulski 3:8 9:4 10:20 72:9 166:19

package 229:10,20, 22 230:2,12,23 232:6,8 233:3

packages 231:15 232:20

pages 214:11,17

paid 50:2 56:18 167:10 221:7 277:4, 8,20 283:23 327:22 330:19 331:4 333:16 336:9,11 355:19 356:23 365:4 394:9

paper 288:21 293:13, 20 296:12,16

paragraph 92:17 118:11 119:20 121:9 124:15 126:9 134:11 140:18 142:22 203:6 216:25 221:24 222:7, 9,10,14,16,18 223:9,

paragraphs 117:23 118:6

part 42:9,17 43:15

50:18 51:11,16,21

52:12,19,23 53:12 58:17 85:5 88:12,14, 22 90:21 91:14 93:22 103:22 105:9 116:13 117:20 125:12 142:9, 11 148:4 149:12 156:24 169:14,19 175:3 176:23 179:11 193:17 200:16 210:21 213:16 214:19 238:8 240:17 245:19 254:20 274:17 282:4 286:2 288:19 326:21 330:17 365:2 366:23 367:24 386:9.10

participants 8:17

participate 168:13 218:23 219:2 362:21 380:5

participated 87:25 137:20

participating 191:9 259:8

participation 86:23

parties 7:15 9:25 85:7,12 100:14,22 101:6,23 103:4 376:13

partner 9:9

partners 31:8,12,15, 18 32:4 370:16

partnership 121:11 122:6 131:12 132:7

partnership's 102:19 103:3 118:12

party 17:10 100:19 101:18 102:20 103:4 321:4 366:22 368:17 385:8

pass 352:3 393:15

passing 78:8

past 190:16 226:7 359:9 375:21

patience 387:9

Patrick 21:5

pause 295:10

pay 65:7 122:4 144:22 161:18 181:15 205:10,19 209:3 234:22 282:8, 16 302:23 318:14 327:13 332:6,13 344:19 355:18 356:2, 13 357:3,13 366:13 374:25 393:23

payable 171:12 174:15 190:6 202:18, 22 220:5 222:2,17 327:21 329:17 330:10,12,20 331:4

Index: payee..president

333:7 334:14

payee 140:21 142:25 216:22

paying 288:14,16 326:23 333:9 338:17 346:21 355:4,8 357:4

payment 56:5,21 57:4,6,12,18,25 58:6, 10,12 59:14,16,20,22 60:3,4,9,11 62:17,25 63:9,15 64:4,9,22 121:11,17,21 122:7, 19,23 162:13,16,17 163:4,6,10,14 164:24 182:16 199:6,11 212:18 331:20 332:24 334:9 335:9 336:12 337:3,25 338:24 339:12,14 340:2,7 342:9 343:4, 20 344:20,24 345:4, 11,17 346:13 348:5 350:7.9.20.23 351:6. 7,14,20,23 356:6,17 358:25 359:2,6,7,15 360:16,22,24 361:18 362:2,5,7,9,12,15,18, 21 363:3,7,10,15,20 364:3,7,25 365:5,9, 14 366:21 379:15 381:23 382:2,9,14,15 383:19 390:6,8,21 391:10,13,20,24 392:6

payments 55:16,24 56:8,14 57:2,9 64:14 162:10,24 163:16,21 165:10 167:14 217:15 282:22 288:11,12 328:4 329:16 330:3,4,6,8 334:23 335:3,19,21, 22 336:23 337:9,15, 21 355:19 356:8 357:2,10,13 358:7,21 359:9.10.20.25 360:6,10,15 361:7,23 362:4 365:14,16 377:12,17,22 378:8, 9,17,24 379:7 380:23 381:3,6,11,18 382:6 383:4,5,23 384:2,4,6, 7 387:24 388:14 390:20 391:3 392:12

393:23 394:7,18

PDF 293:22

Pearl 3:15

pen 296:22,25

pending 7:21 16:16

people 33:7,11 34:4 89:3 146:4 170:24 237:5 275:9,20,21 279:23 291:21 293:7 294:3 319:16 351:12 372:19

percent 18:2,4 86:15 108:23 109:19 110:8 260:12

percentage 110:19

percentages 86:16

perfect 90:17 118:5 130:19 189:4 197:19 268:19 298:8

perfectly 144:3 223:2 348:18

performed 48:5 246:11

performing 114:7 219:4

period 25:12 39:9,14 40:24 90:15 93:14 95:15 105:18 120:9 135:21 169:5 203:20 218:21 219:6,16 221:15 226:18 231:15 242:17 243:13 247:22 265:2 321:22 380:15,16

periodic 228:13 241:17 288:12 358:6

periodically 337:14

persist 157:9

person 26:2,4 43:7 44:21 57:7 79:9 86:21 87:6,7 114:2,4 116:14 155:16 167:20 191:18 259:22 291:21 292:22

personal 79:22 80:10 97:15 375:11 personally 62:20 64:3 85:23 89:11 95:4 97:9 101:22 237:4 255:20,24 275:15 296:21 303:23 304:18,22 306:12 317:21 370:11

personnel 237:16 318:12 333:22 359:18,21 360:13,23 363:3

pertaining 65:17

petition 21:9 70:11 84:11 235:10,14 241:20 263:20 310:15 386:5

phone 68:6 70:3 290:25 392:23 393:2, 5.8.9

phonetic 249:21

phrase 41:10 229:19

physically 191:16 294:4 296:12,16 299:17,21

pick 101:6

picked 101:10.12

piece 203:11

pile 139:23

place 58:24 59:6 112:16 122:18 166:2 260:7 272:13 278:16 297:14,16 326:4,10, 12 393:3

plaintiff 9:7

plan 335:24 337:20 366:5 367:6 386:9,18

play 85:23 153:11 168:16 184:2 340:9

played 86:3,6,17 335:2

playing 239:9

pleading 213:22

pleased 347:12,16,

plural 314:3

point 78:9 87:2,6,7 114:2,4 157:16 166:9 190:16 254:11 255:3, 7 261:6 313:7,20 321:13 326:6 337:12 344:9 375:23 376:11 380:22

pointing 254:23

points 282:9,10

policy 378:6,10 386:2

poor 207:22

poorly 104:10

portfolio 274:5

portion 13:2,6 16:5 17:22 19:13,16,19 112:23

portions 12:10

position 37:9 122:3 184:14 193:3,6,9 274:15 280:11 361:14

positions 38:24 172:25 173:5 183:6 184:10,18 192:16

possession 45:25 113:9 132:11

possibilities 29:19 371:23

possibly 213:7 314:12

post 92:12 184:13, 14,18 192:15,24 193:7,8 275:24

pot 366:5 367:6 386:9,18

potential 250:20 357:4 366:3,19 369:16 371:7,9

potentially 113:5 249:6 250:12,13,14, 16.21 354:8

Poydras 4:13

practice 7:8 64:13 89:20,24,25 90:4

91:11 97:7 98:7,12 106:14 146:9,24 150:13 230:25 231:2, 3,22,24 233:5 299:4, 5 337:4 356:13 369:2,7 371:6,15 374:15 377:21

pre-petition 226:18

precisely 205:21 298:16

prefix 268:15

premarked 91:19 104:23 197:15 216:5 236:16

preparation 137:21 230:11 259:9

prepare 123:17 204:23 226:9 229:6, 21 235:19 236:25 237:3,5,13 241:11 255:24 377:22 378:16

prepared 227:5,20, 24 228:15 229:2,4,9 230:3 232:20 237:8 239:17 241:25 242:3 255:20 284:19 317:14 319:5 373:2 376:18

preparer 256:4 259:4.5.23

preparing 137:10 164:9 232:5,7 241:12,15,16 254:9 264:10

prerogative 253:7

present 4:23 90:23 180:15 191:19 283:14

presentations 368:7,16,18

presented 86:10 113:14 117:10 161:11 296:11,16

presents 12:20

president 14:16 271:23 272:24

Index: presume..question

presume 207:13

pretty 105:15 364:23

prevented 231:6

previously 18:9 24:4 80:13 225:22 246:8 373:19 374:18,25

Pricewaterhouseco opers 84:9,13,16,20
106:7 113:23 132:5
137:2 141:24 142:3
149:3 150:9,12,16

primarily 267:18,20

263:3 274:10

211:10 212:9 242:21

principal 35:10,11, 15 36:20,24 37:5,18 38:3,4,9,13,16,21 39:3 49:11 50:3,23 55:17,25 56:22 57:18,25 59:14,17 60:12 62:18 63:2,9 64:5,14,22 119:7,10, 22 142:4 144:5 161:8,19 162:6 163:11,22 164:24 165:11 167:10 168:5 217:16,19 220:23 222:11 223:6,18,25 334:9

principals 274:6

principles 241:14

prior 20:14 26:12 37:10,18 54:21 56:18 57:13 62:4,10 63:23 74:14 84:10 87:17 99:16,24 121:13 131:5 138:17 144:24 163:15 164:25 165:9 189:13 193:23 199:6 206:15 212:19 217:20 227:15 243:23,24 267:12 300:13,20 301:17 331:12 333:4 334:23 335:3,7 336:11,20 337:11 339:10 346:9 370:18 381:3,7 386:4,19,22

private 273:19,21

privilege 151:14

privileged 66:18 74:2

probe 82:7

problem 8:3 214:14 260:18

procedure 271:17 291:12

procedures 7:20 114:8 207:21 378:5

Proceed 267:22

proceeding 197:18

process 52:23 55:23 56:4,5 58:18 90:21, 25 91:14 116:13 131:24 137:9,11 145:10,11 148:25 156:21,24 168:14,17, 25 169:6,9,15,17,19 170:5,9,14 176:23 179:11,20 189:2 200:16 210:21 218:6, 7,23 237:10 245:19 272:14,19 274:21 292:6 324:13 366:11 373:12

processes 207:21

processing 286:13

produce 178:12 195:8 210:14 235:24

produced 132:10 183:11 228:12,13 266:20 267:7,15,19

producing 241:20

professional 21:12, 15,20,22 22:15 356:21

proficiency 22:11

project 292:25

projections 335:18 337:17

promise 346:6

promissory 6:10 45:14,21 46:2 48:15, 22 49:6,12,20 50:15, 18,22 51:7 54:3 55:7 56:6,9 60:5,13 67:3 75:25 78:17 82:15,20 83:6.10.13 107:20 108:2 109:5 119:22 131:12 132:6,10,14 133:13 138:10 139:5, 10,17,21 140:14 142:9,17 144:5,12, 16,22 146:7 158:5, 13,19,24 159:5,10,23 160:16 161:10 178:14 179:14 209:2 210:8 216:16 217:13, 23 233:8,22 234:10, 15 235:8,21 240:20 241:6 243:6 244:4 282:14 284:19 285:15.17 288:21 289:10.16.18.21 290:7,12 291:5 293:13 297:4,5,11, 17,21 299:11 300:13 306:10 307:12 310:16 315:20,22 317:16,21 319:5,9 322:20 338:2,17 339:4 340:10 344:25 369:20

prompted 81:7 342:2

proof 167:8,13

proper 100:11 229:18

properties 146:15 238:8

property 375:11

proposal 125:13 281:7 282:4,6 386:24

proposals 367:22

proposed 136:18 178:5

proposing 366:19

prosecution 208:23

provide 15:4 28:24 174:22 175:7 267:12 295:20 299:8 311:17 333:22 353:8,14 354:3 357:19 358:5, 9,12,13 378:22 387:3

provided 32:20 112:8,9,17 114:18 127:12 142:8 146:15 175:3 176:22 179:19 182:23 194:25 200:18 274:25 311:24 312:4,10 327:20 332:9 335:14 351:2 353:7 354:6,19 355:7,13 357:21,25 358:4,11,15 367:11

providing 88:11 219:21 278:17 279:6 280:14 309:21 326:14

provision 103:17 132:15

provisions 105:7

prudent 302:20 303:5

public 21:17

publicly-traded 281:16

pull 200:10 215:6 297:20 302:7 305:2 307:18 308:25 313:9 317:2 328:10 334:4 338:11,20 341:12

purely 240:22

purporting 228:7

purpose 16:23 17:2 36:6 53:17 112:2 126:7 232:5,7,11 294:15

purposes 16:11 33:22 85:8 92:21 93:4 101:18 128:13 129:3 197:12

pursuant 15:8 122:6 148:25 199:10,18 200:13 256:6 275:13 278:16 279:5 280:13 281:6 288:17 290:19, 24 326:13

put 12:23 36:9 61:24 71:11 81:10 89:25 91:18 104:22 105:2,5 122:2 124:18 135:5, 16 139:22 151:19 170:17 177:8,10,13 197:7 207:2,5,14 215:21 218:11,18 226:22 235:15 236:15 240:4 257:10 258:16 259:10,12 266:18 281:7 292:23 326:9 345:22 368:3, 16 377:10 389:8

putting 144:19 197:11 240:23 265:5 273:21 306:19 316:2 330:2

Pwc 84:14 92:25 93:5 94:2 96:17,25 97:10 102:4 103:2,21 104:3 114:6 142:8 200:19 211:2 262:14 263:24, 25

Pwc's 85:24 86:23 97:6 105:22

Q

qualified 194:11 206:19

qualify 101:18 136:14

quantify 276:22

question 11:22 12:3 13:4,8 17:17 22:17 26:13 35:4 38:8 40:15 45:11,22 46:19,20 48:19 51:4 68:20,21 93:12 96:4 99:19 104:11 114:14 132:4 139:14 144:15 146:18 148:13 150:7 154:4,17 155:24 156:9 157:20 158:8 164:22 171:10 174:13 175:19,23 176:18,20 178:18,24 179:3 185:9 188:18 192:21 194:18 195:11,14,24 209:6, 10 210:20 212:23 213:2 223:13 224:6 226:2 229:5 236:5 243:9 248:7,9 251:24,25 253:4 262:23 269:8,19 270:16,23 271:9,19 272:3,10,18 273:8

277:23,25 278:20

Index: questioned..refer

279:9 280:16.24 283:20 284:8.15 285:8 286:10 287:3, 10,19,25 288:3,9 289:2,13 290:10,22 291:24 292:20 293:16,24 296:14 297:7,9 298:23 300:16 302:3,18 303:3,11,21 304:4,7, 13,16,17 305:7 306:16,25 307:14 310:3,12,20,25 311:13,20 312:8,17 314:15,18 315:10,24 316:24 317:18 318:7, 18,24 319:24 320:7, 19 322:6,24 326:25 327:7,25 330:22 331:6 333:11,19 334:11 335:5 336:17, 18 338:4 339:17,21 340:19 341:3 342:22 345:13,20 346:7,23 347:20 351:16 353:12,16 354:5 355:6,10,16,22 356:4,15 357:7,16,23 358:17,23 359:5,12 360:4,12 361:2 363:17,23 364:11 365:7 366:16 367:2, 17 368:2 369:5,9,18 370:4 371:2,11 372:2,23 373:5,21 374:12 375:4 376:21 388:20 389:6,16 391:5 393:25 394:20

questioned 274:17

questions 11:20 17:2,4 26:15 40:19, 21,23 47:9 77:13 79:13 81:17 82:6,12 99:7,10 105:7,13 156:2 157:12 169:21, 24 171:7 177:2 180:16,17 184:4 209:5 266:10 300:6 352:5,10 377:8 384:16 385:3 386:6 387:8,15 393:18 394:25 395:7

quick 393:18

quicker 324:14 quickly 139:21 Quinn 4:19 10:4

Quiliii 4.19 10.2

quo 248:18

quote 118:11 189:6

R

ran 88:2

range 287:22 289:22

rarely 320:13

ratification 319:21

reached 66:4,9 69:3 76:3 79:2,9 342:11 343:8

reaching 350:12

reacted 347:23

reaction 389:24

read 101:21,25 102:12 172:8 198:10 208:21 209:6,7 301:20,22 316:4

reading 120:11 138:7

Real 31:11,17

realtime 265:16

reason 81:13 85:2 96:6 101:11 109:4 114:23 116:25 117:16 127:2 141:21 150:3 159:14 160:15, 23 161:3 205:21 235:3,5 238:5 247:9, 24 248:25 256:11,13 286:2 301:4 318:16, 21 346:18 361:4,10 364:6

reasonable 108:17 333:15 337:23

reasons 161:13

recalculate 275:8

recall 15:3 18:13,18, 20,22 19:17,20 20:8, 10,21,22 23:4,12,20 24:23 25:16 27:16

29:13.17 30:17.18 32:16 36:22,23 37:7, 12,22,23,25 38:19 39:8,20 40:2 49:19, 22,25 50:2,8,9 52:9, 21 53:8,15,16 57:22 59:2,3,11,20 60:18 61:25 62:6,17,23 63:6 65:2 67:19 68:2, 3,7,8,11 69:17,20,21, 25 70:5 71:6,21,22, 23 78:5 79:15 80:17, 18,21 89:14,19 90:13 91:5,6,9,13 95:2,9, 13,17,21 96:13 99:5, 6,8,9,12 100:20 102:6 112:21,22 113:15 114:3,15,21 115:8,14,17,18 116:15,18,19,23 119:15 122:17 123:5 124:7,10,12 126:5,9, 16,20,25 127:2,5,8, 21 131:25 132:13,17, 19 134:10,18 135:3 136:4,5 138:21,25 139:7,19 141:6,8,11 144:12 145:3,4,16, 20,22 148:16,17,20, 22 150:11 155:4 158:16,21 159:2,7,12 160:7,13 165:4,5,13, 17,20,24 166:13,16, 18,20,21,25 167:6 168:24 169:16 171:18,21 173:7,8,21 178:5 179:6,24 180:6,14,18,19,20 183:16,20 188:19 189:3,21 190:22,24 191:6,10,12,19,24 192:10,19 194:16 196:19 200:9,11 201:23 202:2 209:17, 20,23 210:3,9,18,25 211:19 212:3,14 217:18,20 219:5,9 220:21 223:10 225:13,18,20 228:25 233:10,20,25 234:8, 9,12,14,20,24 235:6, 12,18 236:11 237:22, 25 241:9 242:5,10 243:10 244:22 245:14,18 246:20,21 247:2,6 248:15,19

249:13 250:24 251:13,18,20 252:13 255:5,15,17 259:8 262:4 265:21,22 268:24 269:3 270:11 276:4,6,23 277:2,3,7 280:11,17,25 282:14, 24 283:8,11,13,15 284:6,11,20,22 289:6,21 290:2,3 291:3,6 292:9 293:17 296:18 298:24 299:16,18,21,22,24 300:17,24 301:3,12, 15,18,25 303:15,22 313:12 314:24,25 315:25 316:8 318:9 319:10,11,13,25 320:10 321:13,16,18 322:17,25 323:22,23 324:3 331:19 334:4, 18,21 339:9,18 340:8,12,15,16,23 341:4,5,8,11 342:2, 19 343:14 345:21,25 350:10,12 351:17,24 361:3,14,17,20,21 362:3 364:5,7 365:9 369:7,22 370:10 380:8,14,16,21 383:10,21 384:2 387:6 388:7 389:10 390:7,18 392:20 394:2

receipt 380:20

receivable 118:12, 14 238:21,25 239:11, 18 240:10 243:18 245:24 246:6,15,22 247:10 249:2 250:9 251:8,16

receive 11:6 22:10 141:17 303:23 304:18 305:23 332:11

received 42:9,17 43:15 85:12 123:21 125:14 141:17 142:3 212:16 293:20,21 304:10 305:25 383:7

receives 179:16

recent 367:9

recess 36:16 73:6 150:25 224:24 266:6 325:8 349:7 372:15

reckoning 310:22

recognize 217:10 320:13

recollection 24:25 29:14 39:22 40:6 67:21 71:5 105:12 115:12 124:19 126:22 127:23 128:10,22,25 131:16 166:15 173:22 180:7 183:19 187:24 192:20 221:5 223:23 225:6 227:10 228:14 229:7 246:3 251:6 252:19 253:9 269:4 270:8 275:22 282:21 283:7 290:5,18 309:18 344:11 367:14 369:15

record 7:10 10:17 36:3,15,18 73:5,8 150:24 151:3 209:7 224:23 225:2 266:5, 8,18 267:9 301:22 302:6 320:15 325:7, 10 349:3,6,9 372:14, 17 392:25 395:9

recorded 8:10 225:7, 15,22

recording 7:16 100:11

records 50:19 225:8, 15 227:13 235:17 237:15 240:12,14 257:21 258:5 286:23 300:2,4 306:5 312:22 393:10

recover 167:9 168:3 181:22 182:3

redacting 312:23 313:6

redeem 281:12

redeemed 276:13

redeeming 281:20

refer 13:13 18:6 21:9 22:24 27:12 30:4

Index: reference..responsibility

31:14 32:7,17,24 33:19 44:2,10 54:10, 24 68:24 79:17 84:13 95:11 175:2 186:24 203:6 279:24 329:3

reference 92:17 103:12 200:12 202:6 222:3,10 223:9 238:20,24 260:21

referenced 132:14 186:25

referred 84:4 91:15 123:24 143:7 169:21 186:7,20 223:15 279:20 366:5

referring 33:16 50:17 75:24 76:6 118:8 163:5 187:11 199:25 223:11 226:15 281:5 314:2 316:3

refers 170:4

reflected 13:14 75:5 175:16 181:15 235:4 240:9

refresh 24:24 105:12 131:15 192:20 221:4 223:22 227:10 367:13

refuse 74:9,10 209:2

regard 133:5

regret 81:10

regularly 355:18

reimburse 145:15

reimbursement

279:17 325:19,23 379:20 388:16

relate 130:6

related 59:23 60:4 90:25 100:13,19,22 101:6,18,23 102:19, 20 103:3,4 105:7 131:17 138:5,10 145:9 167:14 208:25 280:22 281:3 284:2 366:22 368:17 376:13 **relates** 76:14 113:6, 18 130:11 211:24

relating 131:2 138:19

relation 27:21 30:10, 13 35:6 41:18 58:21 112:3 125:9 163:21 172:25 176:17 184:11,18 191:16 264:13 385:18

relationship 374:3

relationships 100:13 102:20,21 103:4

relative 192:16

relayed 188:8 206:4 342:12

relaying 206:3 207:24 344:18

release 329:6 330:8

relevant 88:13 208:15

reliable 113:2

relied 305:13

rely 85:14,18 96:3 237:12 331:2 337:23

relying 85:20

remained 202:18,23 203:8

remaining 119:10 223:25

remember 59:8 70:9 71:2,3 80:22,23,24 87:23 95:19 102:9 122:25 123:2,19 124:16,24 127:6,14 128:6,7 129:11 131:19 147:15 162:22,24 163:4 165:6 166:3,7 172:17 174:4 187:13,19,21 188:15 189:18 194:7, 15,24 195:4 200:6,15 234:4 236:12 250:3 253:13,14,23 254:15, 17 274:12 277:16 282:17 284:12,17,23 286:3,22 291:21

293:12 296:9 299:12 300:10,12 302:16 309:11 313:22 316:3 317:5 319:4,7 320:2, 5 323:7 324:4,8 326:6 333:25 339:8 340:21 342:14 344:15,18 345:25 346:3,4 351:11 357:17 361:18 364:9, 12,14 365:10,25 377:14 387:25 389:17,18 390:22,23 392:4.22

remembering

289:17

remind 72:19 77:17 391:23

reminded 132:18

reminder 337:3

reminders 378:22

remote 7:16 371:24

remotely 7:11,14 8:18 12:20 299:6,9

rendered 204:5 233:23

renege 373:18

renew 196:25

renewal 168:10,14, 16,25 169:6 170:5,9

reorganized 3:4 9:5

rep 95:11 136:17

repaid 57:4

repay 203:19 204:11, 15,25 205:12 211:11 212:10 304:23

repeat 17:19 38:7 45:11 46:21 48:20 146:21,22 249:25 269:21 270:24 336:17,18 339:21

report 5:25 14:13,21 19:12 26:21 88:2,6, 16 89:12 98:18 105:8 106:4,8,16 110:25 111:21 112:7,12,25 115:20 116:5,17,21 117:2 119:19 131:5, 11 133:12 134:7 135:6 137:5,7,10,12, 25 138:3,4,9,13,19 166:8,11 178:13 219:13,15 226:19 227:4 228:7 229:2,4 232:12 256:15 257:4 258:20,24 259:5,23

reported 19:7,10,17, 21,25 20:23 21:2 119:17 120:23 226:10 240:15 258:14

reporter 7:12 8:24 10:10 209:6 268:8,18 301:20

reporting 7:6 8:22, 25 20:9,13,17,23 21:4 87:22 91:2 114:17 230:12 231:14 232:6,19

reports 89:22 113:18 115:2 143:8 171:5 196:22 226:14,16 229:6 255:18 256:20 257:19 259:9,13,14

represent 9:25 10:4, 22 133:4 267:23

representation 5:17 91:16 94:21 95:5,16 96:9,18,22 97:2,8,13, 19,25 98:9 99:2 103:7,17,23 104:8 106:11,15 130:8,9 135:25 136:6,14 214:23 215:9 262:16, 22,25 295:17

representations

92:21 98:19,24 136:16,23,24 262:24

representing 9:11, 14,17,21

represents 310:10

reproducing 171:6

request 87:4 103:25 172:8 196:25 291:15 379:7

requested 196:21 362:18 363:7

requests 85:18 373:3 387:18

require 63:16

required 56:9 94:5 96:17 97:19,20,21,25 98:3 127:18,20 340:2 390:5

requires 96:25

reserve 245:2,6 260:24 261:4,8

reserved 244:22 245:13,16

reserving 46:17

reside 257:21

resolution 383:16

resolved 374:18 383:3,6,15

resolving 366:4

respect 27:18 34:13, 18,23 35:2 37:4 39:7 56:15 112:17 134:17 182:7 212:5 261:8,16 273:12 333:8 335:9 339:12 340:6 365:22 383:18 385:17 393:21

respond 174:25

responded 174:8 182:22

responding 210:11

responds 176:3

response 8:5 83:24 174:8,13 176:4 178:6,18 182:20,24 185:5 189:6 190:8 194:17,18 195:9,13 205:6 210:20 267:22 350:11

responses 81:4 184:3

responsibilities 25:18,23 28:10 31:2, 4 38:21 219:20

responsibility 26:6, 10 88:5,9 115:23 116:2,3 258:11

Index: responsible..Sharp

287:16

responsible 56:13, 17 86:22 89:8,9 115:19,22 116:4 146:6 230:10 258:4,7 384:19,23 385:8,13

responsive 175:23 176:17,25 185:8

rest 214:23

restate 75:17

restrictions 8:19

restroom 324:22,25

result 276:8 347:6

results 5:22 226:11 227:2,5,19 228:7

retail 32:21.24 33:2. 4,8,12,14,15,18,22, 23 34:5,8,13,18,23 35:2,6,12,14 36:21 37:17 38:2,5,10,17, 22 39:4,7 160:8 168:10,18 169:20 170:12 171:19 172:25 173:5,10,13, 16,20,23 174:13 175:15,23 176:18,22 178:7,13,17,23 179:3,8,12,15,19,25 180:8,22 181:2,8,14, 19,21 182:2,6,11,15 184:4,11 185:14 189:14,19 190:4,14, 18,20 191:2 192:16, 24 193:3,4,6,11,15, 18 194:11,17 204:18, 23 205:6,22,23 206:13 209:16,19,21, 24 210:5,11,20,22 385:12

retain 149:8.9

retract 39:17

return 49:7 51:7 123:22 306:18

reveal 66:17,18

revenue 16:6 17:22

review 11:5,6 13:2 89:11 160:11 175:9 184:5 288:11 295:3, 15

reviewed 231:13 232:13 233:3 294:21 295:5,18 322:11 334:14,20

reviewing 198:12 233:2 237:22,25

right-hand 198:6

rights 340:6

ring 277:13

rise 287:22

role 14:14 31:5 85:23 86:4,5,17 168:16 184:2,8 335:2,7 340:9 370:13

roll-up 126:17

rolled 126:11

Rome 170:24

room 7:9,13 9:10 105:3.5

rope 88:24

roughly 120:14

Rukavina 3:20 5:7, 10 9:19 42:19 44:17 45:3,8,16 46:10 47:20 48:3,16,25 49:13 55:20 107:4 126:3 133:23 142:6 143:15 163:25 195:7 212:24 213:24 266:11,14,15,22 267:6,17 268:8,19 269:16 297:19 298:6, 8 301:23 302:5 303:13 304:5.9.15 305:2 306:6 307:16 308:7,10,24 309:5,14 311:21 313:8 317:2 325:2 329:12 331:8 332:21 338:11,20 339:21 341:12,15 343:11 345:22 349:4 352:3,13 377:10 380:25 387:12,20 393:15

rule 7:19 267:8 356:11

rules 7:19,20 11:17

run 46:24 188:6 329:17

running 45:4 254:19 256:25

S

satisfied 89:21

satisfy 89:12 122:8, 14 124:3 208:7

Sauter 162:20,21 163:20 164:7,8,24 166:20,24 167:4 168:4

scenario 264:4

scenarios 276:20

schedule 6:13 117:10 222:23 244:3 309:2 311:10,17 337:2 377:12

scheduled 336:9,11 356:8

schedules 129:10 308:25 311:15 317:11

scheduling 355:13

school 22:5

scope 136:18

Scott 7:4 8:21 14:20

scratch 298:14

screen 12:24 91:19 104:22 135:6 140:6 151:20 170:18 197:7, 12 215:22 216:14 226:23 230:7 237:17 308:9 377:11

scroll 106:18 117:22 130:14 136:9 140:23 152:16 170:25 171:24 174:7,18 176:2 182:21 201:11 202:3 217:3,5,8 238:17 297:25 331:10 332:22 341:16 343:12 **SEC** 274:13,16,19 275:18 384:19,22 385:7

secret 338:8

secretary 172:20

section 41:8 101:5, 19,22,25 110:24 111:17,20 112:7 113:12,17 115:2 116:5,17,21,25 117:17 130:3,15 131:3 134:7,22 138:4 170:10 175:14 192:6 215:16 220:5 294:20

sections 143:9 192:7

seek 12:9 199:6

seeking 332:16

Seery 71:23 72:2 166:9 233:20 234:11, 17,21 235:2,8,20,25 236:6 322:15 323:4, 16,19,24 324:8,16 340:12 346:10 348:2 350:8,13 368:8,10,14 375:7 379:25 392:18

sell 118:23 282:2

send 13:20 342:3 377:11

sends 174:5

senior 232:13,15 275:20 318:12

sense 57:5 88:19

sentence 98:14,15, 20 118:20 120:13 121:7,10,18 130:7 133:17 138:19,23 139:6,11 187:9 189:6 199:5 203:18 211:24 212:5

sentences 314:6

separate 54:24

September 169:7

series 11:20 328:14

serve 19:3 24:15,21 29:2 32:14 33:7,12 34:4 35:11,15 37:17 38:25 39:2

served 11:7 18:10 19:13 32:25 39:9,14 40:9,24 46:6 47:16 49:16 51:9,14,19 84:9 90:15 94:22 95:6 137:2 155:6 172:19 227:6 229:23 248:24 255:6

serves 133:2

service 185:10

services 15:5 28:25 30:2 32:21 33:25 42:22 59:23 128:21 129:9 171:15 185:6, 23 186:8,10 219:22 278:17,23 279:7,12, 21,24 280:3,5,6,13 325:20,23 326:2,15, 19,22 327:19 330:17 335:15 336:20 351:4 353:6,9,13,21 354:2, 7,8,18,23,25 355:2,7, 12 357:20 358:2,4,6, 11,14 379:19 380:11 388:15 390:20,21

serving 247:23

set 89:24 92:25 93:5 112:6 256:21 315:6,7 378:16,21

settlement 348:8 386:24 387:4

seven-month 265:2

severity 7:7

shades 36:13

share 209:18 262:14

shared 59:23 185:6, 10,22 186:7,10 209:16 278:23 279:24 325:19,23 326:2 351:4 353:21 379:19 380:11 388:15 390:20,21

shareholders

125:13 278:5 281:8, 12,18 282:5 293:4

shares 276:15 281:20,22 282:2

Sharp 249:21

Index: sheet..stipulate

sheet 106:19 107:25 108:11 109:6 110:4,5 111:11 112:4 120:23 175:2,14 179:17 220:2 222:21 228:22 229:3,8,16 230:5 243:7 251:14 253:22 294:12,24 370:22 372:6

sheets 107:14,22 175:8

short 266:2 279:16 332:7

short-terms 331:22

shortfalls 335:22,24

show 126:20 189:25 226:20 257:2

showed 119:2 370:8

shown 322:8

shows 293:9

sign 50:14 91:15 94:20 95:16,22 96:8, 18 97:2 106:14 135:24 136:6,22,25 139:4 141:4,21 143:14,23 144:11 150:4 153:24 154:5, 10,18,22 155:3 158:4,13,18 159:4, 15,23 160:16,25 181:3 213:16 289:9, 11,16 293:25 306:17 320:14

signature 92:3,7 105:22 106:9 130:7 136:20 140:25 141:2, 7 143:4,21 144:20 152:20,21 217:9,11 256:3,15 262:21 294:5,12 298:14 299:2,19 305:6 320:22 321:3

signatures 298:3,10 299:8,20

signed 46:2 55:7,12 92:5 94:25 95:2,4,11 96:22 98:10,23,25 99:4,7,10,16,25 103:18 106:7,16 107:2 123:4 132:13

137:6 139:10.16 141:10.15 143:24 144:4,13,15,21 148:15 153:14 158:23 159:9 161:5. 20 180:24 181:16,23 182:8,16 201:12,14 213:7,9 256:2,4,8,12 257:5,15 258:24 262:15,20 289:23 293:25 296:20,21 298:4,21 299:13 301:16 305:16,20 306:10.22 315:2 316:14 319:19 320:16

signer 103:7 363:2

signers 152:11 159:20

significant 228:21 229:3,7 230:4

signing 141:6 152:23 156:23 296:9 299:17, 22,23 319:21

similar 135:25 218:7, 9 272:3,19 311:9 325:17 331:11 338:14 353:8 357:20 370:5,6,17

simple 156:8

simply 188:23 361:5

single 62:13,24 89:15 93:9 95:9 129:11

singular 314:3

sir 13:23 21:13 22:17 43:9 68:17 69:14 80:11 115:12 130:17 140:3 141:2 144:4 146:18 151:23 154:18 156:8,20 158:2 167:23 209:12 218:18 266:15 278:8 301:25 302:12 304:4 307:22 317:14 328:18 331:15 332:20,25 333:6 334:17 336:19 341:20 351:25

sit 102:13 114:24

116:24 138:22 141:12 159:13 231:20

sitting 149:24 270:7 284:22 310:8 314:19 320:3 348:16 351:10 382:23 392:3

size 271:21 309:25

skip 55:13

Skyview 14:5,7,9,17, 24 15:4,14,19 16:6, 14 24:4 28:20,22 377:2

Skyview's 16:6 17:22

smaller 288:12

smart-ass 306:9

social 7:8

sold 276:15

solely 132:3 208:25

someplace 278:13

sort 142:13 208:15, 16

sorts 288:11

source 80:18 257:17

speak 62:13 63:25 72:20 73:9,14 74:15, 19 94:24 103:6 151:4 233:12 284:10

speaking 95:8 179:24

specialist 8:21

specialized 94:16

specific 25:22 40:19, 23 97:7 120:19 124:8 198:15 199:3 224:16 235:12,18 253:15 323:8

specifically 29:13 40:21 57:22 59:2,11 68:10 70:9 71:21 85:17 87:10 117:24 121:19 124:16 126:5 128:6 131:25 141:6, 11 145:5 146:3 162:23 180:6 187:19 192:10 194:8,25 196:20 233:11 234:2, 5,13 247:6 248:20 249:13 250:24 251:18 252:13 253:13 255:5,16 277:2 292:9 296:9 297:5 298:25 299:16 313:22 314:24 321:16,19 334:2 339:8 340:22 357:17 389:19 391:9

specificity 163:18 239:9 390:19

specifics 345:15

speculate 20:5 188:21 301:5

speculation 142:7

speed 247:4 249:10, 22 313:5

spilled 169:17

spoke 62:14 74:5 151:7 188:9 249:20 350:16,17,18

spreadsheets 368:19

spring 125:17 201:21 280:10

stable 90:5

stack 197:4

staff 116:9

stamp 296:23

stand 328:24

stand-behind-you 88:25

standard 231:22 233:4 335:13 372:3

standards 256:21,24

Stang 3:8 9:5 10:20 72:10 166:19

stapled 197:22 214:12

stare 298:11

start 8:9 41:9 170:21 214:18 248:14

268:21 304:16

started 21:3 36:7 125:19 207:15 231:10 304:15

state 8:4 10:16 47:2 161:16

state's 7:20

stated 8:3 24:5 179:15 206:9 246:8 249:8 290:12 294:16

statement 114:18 118:24 120:19 121:5, 10 133:7,13 134:4 179:17 190:14 194:18 204:3 205:18 224:10 228:20 262:5

statements 5:19 6:3 41:7 48:2 84:17,23 85:3,13,19 88:11 90:3.7 93:25 95:14 100:12 102:8.11.12 104:22 105:18 112:2 113:7,14 122:12 130:23 133:22 134:2 135:20 142:12 176:24 179:23 180:15 201:8 211:7, 22 217:25 218:4,20, 24 219:6 221:15 222:24 235:17 241:24 242:3.15.17 254:10 260:3 261:20 264:11,13 286:19 301:11 306:5 370:9, 12,17 378:24

states 8:12 98:16 118:11 119:20 200:23 201:3,6

status 248:18

stay 248:19 363:9 387:10,16

step 347:3,4

steps 88:16

stick 20:7

sticking 203:5 277:13

Stinson 4:6 9:13,25

stipulate 7:15

Index: stipulation..thing

stipulation 8:6

Stock 281:16

stonewall 157:18

stood 328:22

Stoops 276:2

stop 76:19,20,21,23 77:11,22 81:21,22 106:2 155:19,22 157:14 215:6 220:2

stopped 231:16 294:3 381:3,6

stopping 390:19

strategy 164:12

Street 3:15,23 4:13 8:23

stressful 292:24

strike 114:12 246:13 247:21 248:5,22 250:6 252:23 272:13 291:2 307:16 310:7 343:24 346:16 364:22 372:8 393:4

string 5:21 172:3 183:22

structure 87:22 112:13

stuff 156:6 157:5 252:11 295:6

subevent 130:24

subject 55:8 65:8 82:16,21 83:6,10,14 109:24,25 124:14 139:5,11 168:10 277:5

subpoena 11:6 16:18 81:13

subpoenaed 352:21

subscribe 281:12

subscribed 276:14 395:16

subscribing 281:19

subsequent 130:3, 10,21 131:2 133:8 134:19,22 138:5,9

143:9 242:22 262:14 263:4 274:12 370:24

subsequently 244:22

substance 72:22 73:15,19 74:6 151:5, 8 185:7 209:22

substantively 12:15

substitute 16:15

succeeded 31:22 32:11

successor 32:8,15

sued 182:2 375:6,14

suffered 276:7

sufficient 122:3

suggest 277:12

suggesting 338:9

suggests 253:2

suing 373:16,24 374:5

SULLIVAN 4:19

sum 250:4 335:20

summaries 368:4

summarize 273:14 279:12 280:4 296:8

summarized 274:21

summarizing 188:13

summary 5:23 237:19,23 279:16

Suntrust 4:17 10:6

Super 395:5

supplemental 218:20

supporting 311:15

supposed 315:14

Surgent 171:4 275:23

surprised 352:9 356:11 376:22 394:17

Susan 7:12 8:24

sustained 17:14

swear 7:13 10:10

swearing 7:17

Switching 321:25 324:20

sworn 10:12 395:16

sync 296:6

system 330:9

Т

Tab 328:11

taker 324:16

taking 81:12 110:14 120:12 176:7 208:16 226:17 239:23 240:23 323:19 348:24

talk 89:2 157:16 164:15,20 233:19 279:2 293:7 325:13 350:16 387:17 388:23 395:4

talked 100:3 113:4 130:8 151:11 162:14, 15 187:21,23 188:4,7 190:15 217:14 222:23 249:14 253:16 268:3 292:11 311:15 349:19 351:5 378:5 379:18 389:2 391:9 394:6

talking 40:5 59:13,16 75:14 76:20,23 77:12,22 89:15 101:23 157:14 162:16 208:24 222:6, 8 231:19 259:25 264:19 323:6 341:23 350:13 351:11,13 352:16,17 354:18 368:18 379:25 383:14

talks 58:19 100:11 350:6

task 291:14

tax 280:7 354:22,25 358:11

taxing 353:5

team 53:4 86:8,12 87:12,14,22 88:21,23 89:2,8 112:10,12 113:8,24 116:7 137:18,20 147:14,18, 19,24 148:2,4,5 149:7,11,14,15,24 150:19,20 188:4,6 200:17 219:3 237:7 255:25 257:8,12,17, 23,25 258:4,7,12 259:11 272:23 290:11,13,14,15 291:8,17 292:5 309:21 311:24 312:13 335:11 351:7 367:10 368:3

teams 116:10 337:6 354:10

tech 320:20

technologically 320:12

telephone 191:15 290:19 342:23 344:12,14 392:22

telling 71:23 79:10 125:4 166:18 181:8, 14 182:14 207:24 246:21 251:4 253:9 285:5 287:8 317:5

tendered 45:2 55:18 57:19 58:3 60:13 63:3 64:6,15,23

tenure 39:20 40:2 86:3 94:4 102:11 114:5 230:14,18 368:25 369:11

term 28:19 33:13 41:17 44:16 45:14 51:17 53:13 54:2 58:14 69:8 71:20 75:23 79:8 99:16 170:8 173:2 186:21 315:14,15 333:14 362:14 364:3 369:16 383:19

terminate 380:11

terminated 326:5

termination 326:7,8, 9 380:21

terms 33:21 65:23 66:2,6 69:22 75:8 76:2 78:25 79:23 80:11 83:16,20 319:8,12,14 336:7

Terrestar 145:9 273:12,18,19 274:7 384:20 385:9,14,18

testified 10:12 68:18 80:7 155:5 156:11 179:7 201:23 206:10, 18 211:14 253:2 256:24 259:10 261:10 269:23 270:2, 13 282:24 283:6 289:3 309:20 312:20 313:3 314:16 318:8 319:10 320:8 351:2 357:8 362:24 378:4, 20 379:3 380:12 388:17

testifies 318:3,11

testify 252:18

testifying 252:22 302:14 387:22

testimony 16:11,19 20:7,15 29:5 72:22 289:17 301:13 318:5 370:19 387:25 391:11

Texas 3:16,24 4:8 8:14

Thanksgiving 329:20,22

Thedford 171:4 172:3,11,24 173:5 174:20 176:3,16 178:6 182:23 186:20 192:5 198:19 210:10, 13 275:24

Thedford's 182:20

theme 324:21

thing 129:4 187:5 199:23 215:17 320:2 357:3

Index: things..unable

things 61:14 85:6 89:5 136:19 142:13 147:17 153:10 162:15 248:16 249:12 254:24 257:10 259:14 261:23,24 263:18 264:3,17 265:14 279:22 280:8,9 288:14,16,17 292:22 295:21 329:4,24 333:21 352:12 354:11 356:25 357:10 371:16 373:11 374:25 376:24

thinking 22:18 324:11,12

Thomas 171:4 275:23

thought 37:14 40:11 54:20 127:9 188:25 235:8 252:2 263:23 304:12 363:13,21

thoughts 348:22

thousands 224:14 286:11,16

thread 118:4

threatening 374:22, 24

thumb 356:11

tickler 337:8

tie 222:25

ties 111:18 243:20

till 200:24

time 12:23 17:15
19:7,13,16,19 20:2
24:16,18,20,21 25:3,
12 37:18 38:25
39:10,15,18,23 40:8,
25 42:2 43:22,23
45:9,24 46:6 47:15
49:16 50:10 51:9,14,
19,25 55:15 56:8
58:19 60:22 61:10,
21,25 62:3 64:4
72:17 73:2,3 75:21
76:7 77:8 81:12
84:19 85:4,9 86:19,

24 87:3,8,17 93:7 99:16,24 100:6 101:3 113:16 114:16 116:16,20 120:9 122:5 124:4 127:16 135:24 136:15,16 137:12,22 138:15,18 139:4,9,16 141:10 148:19,21 154:21 158:11,18,23 159:4,9 160:8,24 162:4 163:10 164:25 166:12 168:24 169:2, 4.5 186:4 191:7 192:13 204:4,14 205:20 206:12 207:20 212:13.21 221:5 225:17,19 227:6 229:12,23 230:14,15 231:7,15, 16,23 232:21 233:4, 13,14,15 238:4 240:3,25 241:19 244:5,16 246:5 247:8 248:3,23 250:7 253:5 254:18 255:6 259:14 261:25 264:15 265:6, 9,24,25 266:2,25 269:14 270:8 273:17, 19,25 274:11 278:14 283:25 294:15 299:3 303:8 313:20 321:19, 22 322:13 323:4 331:25 337:20 339:7 343:23 352:2 353:25 357:3,5,12 358:19 363:25 365:12 366:2, 18 369:13.23 370:11 371:13 386:4,17 388:12,25 389:9 395:3

timeframe 169:8

timeline 40:20

timely 86:11 330:19 331:4 333:16 356:13, 24 357:14

times 11:11,13 25:7 62:12 90:17,18,19 207:17 249:8 250:2 252:2 298:15 320:8, 25 321:2 324:8 368:5 374:4 392:8,14,15

title 14:9,11,12 23:6,8

25:13 27:17 28:7,11, 17 34:12,22,25 35:5, 8 37:3,9,16 39:6 51:25 111:10 173:8 174:2 183:13,17 192:23 227:3,11 269:6 270:9,11 305:8

titled 237:19

titles 27:20 30:9,12 34:15,17 37:15,21, 22.23,25

today 11:2 13:20 23:22,23 24:7,13 28:4 30:23 31:11 51:17 73:15 81:11 93:12 102:14 116:24 118:8 141:12 162:14, 16 173:10 203:20 267:12,19 268:4,9 270:7 273:20 284:22, 23 286:4 291:22 310:8 314:19 317:15 320:3 370:8,18 392:3

told 47:8 58:18 60:11 67:19,21 69:21 78:3 81:6 116:19 132:5 138:23 139:3 145:18 154:10 162:17 163:20 165:8 174:4 180:22 181:2,19,21 182:6 189:14,19 190:20,25 191:8 203:9 204:18 205:22 211:5 234:20 246:9 248:17 250:13,16,20 251:7 254:4 257:16 282:5,16 283:16 287:5 318:4 375:24 385:7 386:7,17 391:12 392:5,11

tomorrow 395:4

tone 394:5,12

top 92:10 111:4,8 198:5 219:19 313:10

topic 114:19 234:3, 15 251:21 253:15

total 109:13 110:8 119:21 238:7 239:12 240:9 260:12 335:20 389:11 totaled 143:11

totaling 223:17

Totally 269:16

touching 264:5

track 337:9 364:15

trade 281:23

trades 273:25 274:8

trail 288:22

transactions 85:6,8, 14 100:13 102:21 103:5 148:6 224:15 285:21 286:5,12,13, 17 289:25 295:24 373:9

transfer 141:20 287:5 288:6 332:16

transferred 141:9 285:4,10

transfers 283:24 285:21 327:16

transmitted 340:25

transparency 295:20

transparent 313:4 375:10

treasurer 23:9,10, 16,22,23 24:2,3,6,8, 10,13,15,21 25:2,8, 14,18,23 26:19,22 27:4,22,23,25 28:3,5, 8,12,18,20 29:5,9,12, 15 30:14,15,16,20, 22,24 31:2,3,5 39:2 135:23 138:14 152:24 153:3,16,22 155:7,10,14,21 156:4,12 158:3,9,12 176:14 202:12 204:2 269:6,12,13 270:3,5, 9 272:4 305:8 327:4 336:4

treasury 335:15 336:25 351:3 354:7, 11,22 358:4

treatment 242:12

trick 348:7

trigger 369:24

triggered 274:16

true 74:18 89:22 186:4 204:4 269:11 277:13 333:6 350:21

trust 4:10 9:18 65:11 244:23 245:3,7 247:11 373:23 374:5

trusted 257:7

trustee 4:16 10:5 65:10

truth 252:18.20

truthfully 252:22 253:3

TSG 7:6 8:22,25

Tuesday 8:19 172:4

tunnel 293:3

turn 100:8 105:25 110:22 149:12 259:16 261:13

turning 197:12,16

turns 317:20

two-month 323:11

type 88:25 94:21 130:23,25 227:9 253:25

types 148:6

typical 103:25 106:17 371:5

typically 144:11 168:22 169:10 192:12 230:16 289:16 296:22 329:16 355:24,25

U

Uh-huh 69:4 210:17 237:21 368:20

ultimately 125:6 178:17 274:22 387:6

unable 122:14 203:18 204:24 208:7 211:10 212:10

Index: unaware..Wednesday

unaware 64:24

uncollectible 244:9, 17 245:25 246:7,17, 24 247:13,25 249:3 250:10,15 251:9,22 253:11 254:4 255:9, 15

uncomfortable 90:14,20,24 91:9

unconsolidated 110:2,18

undergoing 207:20 241:16

underlying 246:11 311:24 332:12

understand 10:21, 25 12:6,9 13:24 17:3 31:10 41:13 45:22 53:22 55:9 68:20 74:4 75:22 76:5 78:24 79:16 98:22 99:18 104:2 127:7 133:9 153:15 158:7 176:20 203:12 222:9 225:25 267:25 268:17 273:3 288:2, 13 296:19 297:9 300:21 312:6 313:24 315:12 316:12 338:9, 25 353:24 364:16 374:7 376:10

understanding

41:10,17 53:6 65:22, 25 66:5 84:25 85:11 96:25 97:11,16,18,24 100:18 103:20 104:3 111:15 118:16,19 146:25 152:4,6,7,9 153:14,21 156:3 170:3,8 173:4 175:19 184:17 195:15 242:19 256:19 259:22 270:19 277:25 311:9 326:3 372:19 373:23 374:4 375:17 379:24

understood 69:2 155:6 203:10 382:22

undo 374:17

unfetterred 372:21

unilateral 382:20

unilaterally 270:20 271:4 272:5

unique 12:21

United 8:12

unlike 12:18 353:20

unpaid 119:10 161:8, 18

untested 207:22

upcoming 336:8,11 337:25 355:13

updated 154:22

upset 362:11 390:2

urgent 356:23

URQUHART 4:19

USD 331:14

V

vacation 321:23 329:23

vague 353:19

valid 159:18 161:12, 16

validity 7:16

valuation 274:9,18, 24 280:7,13 292:5 354:15,22 384:20 385:9,14,19

values 251:5 253:17 264:2 265:9 367:9 387:3

varied 230:15

varies 87:2,3 230:14

vendor 288:17 356:7

verify 97:22

verifying 215:2

versions 136:13 146:14

versus 292:12

video 7:16 8:10,17, 21 323:23 324:3

videotape 12:10

view 204:24 205:11 292:14 301:8

voice 268:6

vote 282:5

voted 125:13

W

wait 156:18 157:4,5, 22 249:17

waiting 196:24

walk 180:17

walk-through 168:19

walked 179:7 294:4

walking 189:22

wanted 89:8 104:3 129:4 271:15 342:9 343:3,7 345:10

Warren 4:11 9:16

Waterhouse 3:1 4:1 5:1,5 6:1 7:1 8:1,11 9:1,11 10:1,11,18,19 11:1 12:1,24 13:1,15 14:1 15:1 16:1,10 17:1,16 18:1 19:1 20:1 21:1 22:1 23:1 24:1 25:1 26:1 27:1 28:1 29:1 30:1 31:1 32:1 33:1 34:1 35:1 36:1,19 37:1 38:1

39:1 40:1 41:1 42:1 43:1 44:1 45:1 46:1 47:1,7,15 48:1 49:1 50:1 51:1,4 52:1 53:1 54:1 55:1 56:1 57:1

54:1 55:1 56:1 57:1 58:1 59:1 60:1 61:1 62:1 63:1 64:1 65:1 66:1 67:1 68:1 69:1

70:1 71:1 72:1,19 73:1,9 74:1 75:1,3,22 76:1 77:1 78:1,14

79:1 80:1,25 81:1 82:1,4,14 83:1 84:1

85:1 86:1 87:1 88:1 89:1 90:1 91:1,25 92:1 93:1 94:1 95:1

96:1 97:1 98:1 99:1

100:1 101:1 102:1 103:1 104:1 105:1,9 106:1,6 107:1 108:1 109:1 110:1 111:1 112:1 113:1 114:1

115:1 116:1 117:1 118:1 119:1 120:1 121:1 122:1 123:1

121:1 122:1 123:1 124:1 125:1 126:1 127:1 128:1 129:1

130:1,2 131:1 132:1 133:1 134:1 135:1 136:1 137:1 138:1

139:1 140:1 141:1 142:1 143:1 144:1 145:1 146:1,23 147:1

148:1 149:1 150:1 151:1,4 152:1 153:1

154:1 155:1 156:1 157:1 158:1 159:1

160:1 161:1 162:1 163:1 164:1,5 165:1 166:1 167:1 168:1

169:1 170:1,21 171:1 172:1 173:1 174:1

175:1 176:1 177:1 178:1,25 179:1 180:1

181:1 182:1 183:1 184:1 185:1 186:1

187:1 188:1,17 189:1 190:1 191:1 192:1 193:1 194:1 195:1

196:1 197:1,5 198:1, 3 199:1 200:1 201:1 202:1 203:1 204:1

205:1 206:1 207:1 205:1 206:1 207:1 208:1 209:1,15 210:1

211:1 212:1 213:1 214:1 215:1 216:1,15

217:1 218:1 219:1 220:1 221:1 222:1

223:1 224:1 225:1,3 226:1 227:1 228:1 229:1 230:1 231:1

232:1 233:1 234:1 235:1 236:1,25 237:1

238:1 239:1 240:1 241:1 242:1 243:1

244:1 245:1 246:1 247:1 248:1,12 249:1

250:1 251:1 252:1 253:1,8 254:1 255:1 256:1 257:1 258:1

259:1 260:1 261:1 262:1 263:1 264:1

265:1 266:1,12

267:1,23 268:1,20 269:1,20 270:1

271:1,5 272:1 273:1 274:1 275:1 276:1 277:1 278:1 279:1

280:1 281:1 282:1 283:1 284:1 285:1 286:1 287:1 288:1

289:1 290:1 291:1 292:1 293:1,12 294:1

295:1 296:1 297:1, 22,24 298:1,7,19 299:1,11 300:1 301:1

302:1,10,19 303:1 304:1 305:1,5,9

306:1,8 307:1 308:1 309:1,8 310:1 311:1 312:1,9 313:1 314:1

312:1,9 313:1 314:1 315:1,18 316:1 317:1,4 318:1 319:1

320:1 321:1 322:1 323:1 324:1,15 325:1,11 326:1 327:1

328:1,15 329:1 330:1 331:1 332:1 333:1 334:1 335:1 336:1

337:1 338:1 339:1,22 340:1 341:1 342:1

343:1 344:1 345:1 346:1 347:1 348:1

349:1,15 350:1,5 351:1 352:1,23 353:1 354:1 355:1 356:1

357:1 358:1 359:1 360:1 361:1 362:1

363:1 364:1,24 365:1 366:1 367:1 368:1

369:1 370:1 371:1 372:1,18 373:1 374:1

375:1 376:1 377:1,9 378:1 379:1 380:1

381:1 382:1 383:1 384:1 385:1 386:1

387:1,21 388:1 389:1 390:1 391:1 392:1 393:1 394:1,24

395:1,2,14

ways 257:11

140:24

Waterhouse's

wearing 336:3

Webex 191:14

Wednesday 329:19

Index: week..zoom

week 267:11 329:17, 25 330:3,5 375:21 388:6

weekend 329:20

weekly 330:4

weeks 302:21 303:7 307:8 378:18

wet 299:8

whatsoever 251:6

whichever 365:14

wholly 233:17

window 323:11

Winograd 3:7

wire 330:8 350:19

withdraw 35:4 134:9

withdrawn 19:11 34:16,21 38:14 57:23 59:15 62:16 63:7 65:4 93:18 98:13 119:7 133:20 141:25 148:8 157:3 160:5 163:18,19 180:24 181:19 191:11 195:16,18 201:19 203:25 220:11 232:6, 19 382:7 386:5

witness' 36:2 156:3

word 68:23 76:7 146:13 293:21 307:6 391:2

worded 104:10

words 79:5 342:16 346:10 348:7 363:8

work 113:8 204:22 219:23 233:18 291:8 299:5 346:25 372:19

worked 116:7,12 237:8 259:12 290:15 309:21 370:12

working 90:22 147:13 207:19 219:18 291:13 292:24 299:8 342:25 381:19

works 269:9

worried 241:22 246:12

worry 215:18

wrapping 293:3

write 187:6

write-up 278:12

writes 174:20 328:21 329:5

writing 67:13 75:5 79:11 273:12 316:17 341:18

written 15:9 83:17,20 186:3 195:9 323:20,

wrong 77:3,4 133:18 138:20,24 215:16 374:6

wrote 313:15,17 314:5,6,9

Υ

y'all 139:23 395:4

year 18:14,16,20,22 19:23 20:6,12 23:13, 14,15 27:24 30:19 36:23 38:15 59:3,5 68:11 80:9 84:23 85:3 87:3 90:12 93:5, 9 94:10,22 95:6,10, 14 100:7 103:14 104:6 131:4 145:10 160:7 161:4,7,17 162:25 166:6 168:14 169:2,4,6 170:12 220:19 221:21 223:16,18 224:13,15 244:14 265:3 286:21 326:11 334:15 348:17 381:24 382:10 383:20

year-end 222:4 244:10,14 262:7 362:16

year-ended 263:24

yearly 170:15

years 18:23 62:13,22 86:18 87:17 89:16

91:10 115:10 123:23 231:11 257:10 285:22 286:4,17,25 289:25 320:9 333:24 334:23 335:7 373:7,8 379:23

years-plus 89:18

yellow 178:8

yesterday 8:2 66:13 140:10 322:11

York 3:10 4:21 8:23 281:16

you-all 329:2

Ζ

zeros 286:15

Ziehl 3:8 9:5 10:21 72:10

zoom 3:3 191:14 309:15 313:11 323:23 324:2,4,9

EXHIBIT 4

Page 283 1 DONDERO - 10/29/21 2 IN THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF TEXAS 3 DALLAS DIVISION 4 IN RE: 5 Chapter 11 HIGHLAND CAPITAL MANAGEMENT, L.P., CASE NO. 19-34054-SGI11 7 Debtor. 8 HIGHLAND CAPITAL MANAGEMENT, L.P., 9 Plaintiff, Adversary 10 VS. Proceeding No. 11 JAMES D. DONDERO, 21-03003-sgi 12 Defendant. 13 14 REMOTE VIDEOTAPED DEPOSITION OF 15 JAMES DONDERO - VOLUME 2 October 29, 2021 16 17 18 19 20 21 22 23 Reported by: Susan S. Klinger, RMR-CRR, CSR 24 25 Job No. 201874

1	Page 284			Page 285
1 DONDERO -		1	DONDERO - 10/29/21	
2		2	APPEARANCES:	
3		3	(All appearances via Zoom.)	
4 October 2		4	Attorneys for the Reorganized Highland Capital	
5 10:21 a.m		5	Management:	
6		6	John Morris, Esq.	
7		7	Hayley Winograd, Esq.	
8		8	Gregory Demo, Esq.	
1	of JAMES DONDERO, held	9	PACHULSKI STANG ZIEHL & JONES	
10 before Susan S. Klinge		10	780 Third Avenue	
l '	Realtime Reporter of the	11	New York, New York 10017	
12 State of Texas.		12		
13		13	Attorneys for NexPoint Advisors, LP and	
14		14	Highland Capital Management Fund Advisors,	
15			L.P.:	
16		16	Davor Rukavina, Esq.	
17		17	Thomas Berghman, Esq.	
18		18	MUNSCH HARDT KOPF & HARR	
19		19	500 North Akard Street	
20		20	Dallas, Texas 75201	
21		21		
22		22		
23		23		
24		24		
25		25		
4 DONDEDO	Page 286	4	DONDEDO 40/00/04	Page 287
1 DONDERO		1	DONDERO - 10/29/21	
2 Attorneys for Jim Dond	ero, Nancy Dondero, HCRA,	2	INDEX WITNESS PAGE	
		3		
4 Deborah Deitsch-Pe	16Z, ESY.	4	JAMES DONDERO	
5 Michael Aigen, Esq.		5	EXAMINATION BY MR. MORRIS 289	
6 STINSON		6	EXHIBITS	
7 3102 Oak Lawn Ave			No. Page	
8 Dallas, Texas 75219	•	8	Exhibit 1 Original Complaint 466 Exhibit 2 NovPoint Complaint 408	
9	Investment Trust	9	Exhibit 2 NexPoint Complaint 408 Exhibit 3 HCMS Complaint 433	
10 Attorneys for Dugaboy		10	Exhibit 3 HCMS Complaint 433	
11 Douglas Draper, Es12 Michael Landis, Es		11	Exhibit 4 Letter, 12/3/20 464 Exhibit 6 Term note 446	
l		13	Exhibit 15 NexPoint Advisors Answer 380	
113 HELLED UDVELD	a nordy			
13 HELLER, DRAPER		11/		
14 650 Poydras Street	iana 70130	14	Exhibit 16 HCMS's Answer 362 Exhibit 17 HCRE's Answer 377	
14 650 Poydras Street15 New Orleans, Louis		15	Exhibit 17 HCRE's Answer 377	
14 650 Poydras Street 15 New Orleans, Louis 16 Attorneys for Marc Kirs		15 16	Exhibit 17 HCRE's Answer 377 Exhibit 31 Answer to Complaint 354	
14 650 Poydras Street 15 New Orleans, Louis 16 Attorneys for Marc Kirs 17 the litigation SunTrust:	chner as the trustee for	15 16 17	Exhibit 17 HCRE's Answer 377 Exhibit 31 Answer to Complaint 354 Exhibit 35 Incumbency Certificate 309	
14 650 Poydras Street 15 New Orleans, Louis 16 Attorneys for Marc Kirs 17 the litigation SunTrust: 18 Deborah Newman,	chner as the trustee for Esq.	15 16 17 18	Exhibit 17 HCRE's Answer 377 Exhibit 31 Answer to Complaint 354 Exhibit 35 Incumbency Certificate 309 Exhibit 37 Incumbency Certificate 323	
14 650 Poydras Street 15 New Orleans, Louis 16 Attorneys for Marc Kirs 17 the litigation SunTrust: 18 Deborah Newman, 19 QUINN EMANUEL	chner as the trustee for Esq. URQUHART & SULLIVAN	15 16 17 18 19	Exhibit 17 HCRE's Answer 377 Exhibit 31 Answer to Complaint 354 Exhibit 35 Incumbency Certificate 309 Exhibit 37 Incumbency Certificate 323 Exhibit 47 NexPoint 30(b)(6) notice 345	
14 650 Poydras Street 15 New Orleans, Louis 16 Attorneys for Marc Kirs 17 the litigation SunTrust: 18 Deborah Newman, 19 QUINN EMANUEL 20 51 Madison Avenue	chner as the trustee for Esq. URQUHART & SULLIVAN	15 16 17 18 19 20	Exhibit 17 HCRE's Answer 377 Exhibit 31 Answer to Complaint 354 Exhibit 35 Incumbency Certificate 309 Exhibit 37 Incumbency Certificate 323 Exhibit 47 NexPoint 30(b)(6) notice 345 Exhibit 48 HCMS 30(b)(6) notice 353	
14 650 Poydras Street 15 New Orleans, Louis 16 Attorneys for Marc Kirs 17 the litigation SunTrust: 18 Deborah Newman, 19 QUINN EMANUEL 20 51 Madison Avenue 21 New York, New York	chner as the trustee for Esq. URQUHART & SULLIVAN	15 16 17 18 19 20 21	Exhibit 17 HCRE's Answer 377 Exhibit 31 Answer to Complaint 354 Exhibit 35 Incumbency Certificate 309 Exhibit 37 Incumbency Certificate 323 Exhibit 47 NexPoint 30(b)(6) notice 345	
14 650 Poydras Street 15 New Orleans, Louis 16 Attorneys for Marc Kirs 17 the litigation SunTrust: 18 Deborah Newman, 19 QUINN EMANUEL 20 51 Madison Avenue 21 New York, New Yor 22 Also Present:	chner as the trustee for Esq. URQUHART & SULLIVAN	15 16 17 18 19 20 21 22	Exhibit 17 HCRE's Answer 377 Exhibit 31 Answer to Complaint 354 Exhibit 35 Incumbency Certificate 309 Exhibit 37 Incumbency Certificate 323 Exhibit 47 NexPoint 30(b)(6) notice 345 Exhibit 48 HCMS 30(b)(6) notice 353	
14 650 Poydras Street 15 New Orleans, Louis 16 Attorneys for Marc Kirs 17 the litigation SunTrust: 18 Deborah Newman, 19 QUINN EMANUEL 20 51 Madison Avenue 21 New York, New Yor 22 Also Present: 23 Dan Elms	chner as the trustee for Esq. URQUHART & SULLIVAN	15 16 17 18 19 20 21 22 23	Exhibit 17 HCRE's Answer 377 Exhibit 31 Answer to Complaint 354 Exhibit 35 Incumbency Certificate 309 Exhibit 37 Incumbency Certificate 323 Exhibit 47 NexPoint 30(b)(6) notice 345 Exhibit 48 HCMS 30(b)(6) notice 353	
14 650 Poydras Street 15 New Orleans, Louis 16 Attorneys for Marc Kirs 17 the litigation SunTrust: 18 Deborah Newman, 19 QUINN EMANUEL 20 51 Madison Avenue 21 New York, New Yor 22 Also Present:	chner as the trustee for Esq. URQUHART & SULLIVAN k 10010	15 16 17 18 19 20 21 22	Exhibit 17 HCRE's Answer 377 Exhibit 31 Answer to Complaint 354 Exhibit 35 Incumbency Certificate 309 Exhibit 37 Incumbency Certificate 323 Exhibit 47 NexPoint 30(b)(6) notice 345 Exhibit 48 HCMS 30(b)(6) notice 353	

Page 288	Page 289
1 DONDERO - 10/29/21	1 DONDERO - 10/29/21
2 PROCEEDINGS	2 looks green to me, I will ask that we stop
3 VIDEOGRAPHER: This marks the	3 and reconvene when he is not feeling
4 beginning of Video 1 in Volume 2 of the	4 nauseous.
5 deposition of James Dondero in the matter	5 MR. MORRIS: All right. I would
6 In Re: Highland Capital Management, L.P.	6 like to just begin here. We have counsel
7 Today's date is October 29, 2021. The time	7 on the line for all of the defendants, we
8 on the video monitor is 10:21 a.m.	8 have counsel for the plaintiff, and we have
9 Will the court reporter please swear	9 counsel for the Highland Litigation Trust,
10 in the witness.	and I think that that is everybody who
11 JAMES DONDERO,	11 is – is supposed to be here, so I would
12 having been first duly sworn, testified as	12 like to just begin.
13 follows:	13 EXAMINATION
14 MR. MORRIS: Deborah, would you like	14 BY MR. MORRIS:
15 to make a statement?	15 Q. Mr. Dondero, can you hear me okay?
16 MS. DEITSCH-PEREZ: I didn't know if	16 A. Yes.
17 you wanted appearances first. Sure. This	17 Q. Okay. And are you feeling well
18 is Deborah Deitsch-Perez from Stinson. I'm	18 enough to begin today's deposition?
19 counsel for Mr. Dondero, Nancy Dondero,	19 A. Yes.
20 HCRE and HCMS in this deposition.	20 Q. Okay. I understand that you are not
21 I want to apologize for everybody	21 feeling well. And I want you to know that I do
22 that we're starting late. Mr. Dondero was	22 not want to proceed with this deposition unless
23 under the weather. It is – he has taken	23 you believe that you are physically and
24 something, so he should not have to leave	24 mentally able to participate to the best of
25 the deposition, but if at any point he	25 your ability. Okay? Do you understand that?
1 / 1	
Page 290 1 DONDERO - 10/29/21	Page 29' 1 DONDERO - 10/29/21
2 A. Yes.	2 Q. And we are going to refer to that
3 Q. So if at any time you don't feel	3 entity and that entity only today as Highland;
4 like you can continue, I would rather adjourn	4 is that okay?
5 to one day next week to complete the deposition	5 A. Yes.
6 rather than forcing you to do something that	6 Q. When did you found – when did you
7 you don't believe you're capable of doing.	7 create Highland?
8 Okay?	8 A. '94.
9 A. Yes. Yes. I did throw up twice	9 Q. And did you serve as Highland's
10 last night.	10 president from 1994 until on or around January
11 Q. Okay.	11 9th, 2020?
12 A. I imagine we could go for – let's	12 A. Yes.
13 shoot for four hours today, you know, maybe –	13 Q. Did – can you describe in your own
14 maybe five, I don't know, but if we don't	14 words what the business of Highland was while
15 finish –	15 you were president?
16 Q. I don't want to –	16 A. We were largely below investment
17 A. – we will do the rest next week.	17 grade, credit strap, and we diversified over
18 Q. Okay. I don't want to put an	18 the years to become more of an alternative
19 arbitrary time on it. You tell me if you are	19 asset manager in a variety of formats.
20 unable to continue. Okay? Is that fair?	20 Q. And –
1 · · · · · · · · · · · · · · · · · · ·	
·	
22 point.	 one sec. This was set up by someone a lot shorter than Mr. Dondero. Let me just take
	TO SCORE HALLY LONGEN LETTE USLAKE
23 Q. Okay. You founded Highland Capital	,
24 Management, L.P.; correct? 25 A. Yes.	 one minute to adjust it. MR. MORRIS: May I proceed, Deborah?

Page 29		Page 293
1 DONDERO - 10/29/21	1 DONDERO - 10/29/21	Page 293
2 MS. DEITSCH-PEREZ: (Nods head.)	2 manager; is that fair?	
3 Q. Okay. Mr. Dondero, at its peak,	3 A. Yes.	
4 what is the – the largest value of assets that	4 Q. And you manage money on behalf of	
5 Highland had under management while you were	5 thousands of people; isn't that right?	
6 president?	6 A. Yes.	
7 A. 35 billion.	7 Q. And as a general matter, you know	
8 Q. And do you recall what year that	8 how to read and understand balance sheets,	
9 was?	9 don't you?	
10 A. Not exactly.	10 A. Yes.	
11 Q. Was it before the 2008 financial	11 Q. You have signed promissory –	
12 crisis?	12 promissory notes before, haven't you?	
13 A. Yes.	13 A. Yes.	
14 Q. Okay. So you were the president of	14 Q. Is it fair to say you have signed	
15 Highland for about 25 years; is that right?	15 hundreds of promissory notes during the 25-year	
16 A. Yes, 25, 26, whatever.	16 period that you were the president of Highland?	
17 Q. And do you consider yourself to be	17 A. No.	
18 expert in the area of money management?	18 Q. Is it fair to say that you signed	
19 A. Yeah, on the things that we focus	19 dozens of promissory notes during the time that	
20 on.	20 you were president of Highland?	
21 Q. You are a sophisticated investor;	21 A. Yeah, dozens is probably fair.	
22 right?	22 Q. Okay. And is it fair to say that	
23 A. Yes. I would believe I'm	23 the aggregate principal amount of the	
24 categorized as such.	24 promissory notes that you signed while you were	
25 Q. And you are a sophisticated money	25 president of Highland likely exceeded	
Page 29	4	Page 295
1 DONDERO - 10/29/21	1 DONDERO - 10/29/21	g
		1 191 100
1 DONDERO - 10/29/21	1 DONDERO - 10/29/21	- 1 g - 200
1 DONDERO - 10/29/21 2 \$200 million?	1 DONDERO - 10/29/21 2 MR. MORRIS: Sure.	. 191
1 DONDERO - 10/29/21 2 \$200 million? 3 MS. DEITSCH-PEREZ: Objection to the	1 DONDERO - 10/29/21 2 MR. MORRIS: Sure. 3 Q. Mr. Dondero, you borrowed money from	. 19
1 DONDERO - 10/29/21 2 \$200 million? 3 MS. DEITSCH-PEREZ: Objection to the 4 form.	 DONDERO - 10/29/21 MR. MORRIS: Sure. Q. Mr. Dondero, you borrowed money from Highland Capital Management Services; correct? 	. 19
1 DONDERO - 10/29/21 2 \$200 million? 3 MS. DEITSCH-PEREZ: Objection to the 4 form. 5 A. I don't have a basis for knowing	 DONDERO - 10/29/21 MR. MORRIS: Sure. Q. Mr. Dondero, you borrowed money from Highland Capital Management Services; correct? A. I'm sorry, it sounds like at first 	
1 DONDERO - 10/29/21 2 \$200 million? 3 MS. DEITSCH-PEREZ: Objection to the 4 form. 5 A. I don't have a basis for knowing 6 that.	 DONDERO - 10/29/21 MR. MORRIS: Sure. Q. Mr. Dondero, you borrowed money from Highland Capital Management Services; correct? A. I'm sorry, it sounds like at first you were asking me, did Highland Capital 	
1 DONDERO - 10/29/21 2 \$200 million? 3 MS. DEITSCH-PEREZ: Objection to the 4 form. 5 A. I don't have a basis for knowing 6 that. 7 Q. You do know that it is more than 8 \$100 million, don't you? 9 A. No.	DONDERO - 10/29/21 MR. MORRIS: Sure. Q. Mr. Dondero, you borrowed money from Highland Capital Management Services; correct? A. I'm sorry, it sounds like at first you were asking me, did Highland Capital Services borrow money from Highland. Now you're asking me if I borrowed money from Services?	
1 DONDERO - 10/29/21 2 \$200 million? 3 MS. DEITSCH-PEREZ: Objection to the 4 form. 5 A. I don't have a basis for knowing 6 that. 7 Q. You do know that it is more than 8 \$100 million, don't you? 9 A. No. 10 Q. Do you owe today Highland Capital	DONDERO - 10/29/21 MR. MORRIS: Sure. Q. Mr. Dondero, you borrowed money from Highland Capital Management Services; correct? A. I'm sorry, it sounds like at first you were asking me, did Highland Capital Services borrow money from Highland. Now you're asking me if I borrowed money from Services? Q. Yeah, let me — let me rephrase the	
1 DONDERO - 10/29/21 2 \$200 million? 3 MS. DEITSCH-PEREZ: Objection to the 4 form. 5 A. I don't have a basis for knowing 6 that. 7 Q. You do know that it is more than 8 \$100 million, don't you? 9 A. No. 10 Q. Do you owe today Highland Capital 11 Management Services more than \$75 million?	1 DONDERO - 10/29/21 2 MR. MORRIS: Sure. 3 Q. Mr. Dondero, you borrowed money from 4 Highland Capital Management Services; correct? 5 A. I'm sorry, it sounds like at first 6 you were asking me, did Highland Capital 7 Services borrow money from Highland. Now 8 you're asking me if I borrowed money from 9 Services? 10 Q. Yeah, let me – let me rephrase the 11 question, sir, because if it is not clear, that	
1 DONDERO - 10/29/21 2 \$200 million? 3 MS. DEITSCH-PEREZ: Objection to the 4 form. 5 A. I don't have a basis for knowing 6 that. 7 Q. You do know that it is more than 8 \$100 million, don't you? 9 A. No. 10 Q. Do you owe today Highland Capital 11 Management Services more than \$75 million? 12 A. I don't know what the amount is. I	DONDERO - 10/29/21 MR. MORRIS: Sure. Q. Mr. Dondero, you borrowed money from Highland Capital Management Services; correct? A. I'm sorry, it sounds like at first you were asking me, did Highland Capital Services borrow money from Highland. Now you're asking me if I borrowed money from Services? Q. Yeah, let me — let me rephrase the question, sir, because if it is not clear, that is my fault, and I apologize.	
1 DONDERO - 10/29/21 2 \$200 million? 3 MS. DEITSCH-PEREZ: Objection to the 4 form. 5 A. I don't have a basis for knowing 6 that. 7 Q. You do know that it is more than 8 \$100 million, don't you? 9 A. No. 10 Q. Do you owe today Highland Capital 11 Management Services more than \$75 million? 12 A. I don't know what the amount is. I 13 don't believe it is that much.	1 DONDERO - 10/29/21 2 MR. MORRIS: Sure. 3 Q. Mr. Dondero, you borrowed money from 4 Highland Capital Management Services; correct? 5 A. I'm sorry, it sounds like at first 6 you were asking me, did Highland Capital 7 Services borrow money from Highland. Now 8 you're asking me if I borrowed money from 9 Services? 10 Q. Yeah, let me – let me rephrase the 11 question, sir, because if it is not clear, that 12 is my fault, and I apologize. 13 Did you – have you borrowed money	
1 DONDERO - 10/29/21 2 \$200 million? 3 MS. DEITSCH-PEREZ: Objection to the 4 form. 5 A. I don't have a basis for knowing 6 that. 7 Q. You do know that it is more than 8 \$100 million, don't you? 9 A. No. 10 Q. Do you owe today Highland Capital 11 Management Services more than \$75 million? 12 A. I don't know what the amount is. I 13 don't believe it is that much. 14 Q. Are the obligations to Highland	1 DONDERO - 10/29/21 2 MR. MORRIS: Sure. 3 Q. Mr. Dondero, you borrowed money from 4 Highland Capital Management Services; correct? 5 A. I'm sorry, it sounds like at first 6 you were asking me, did Highland Capital 7 Services borrow money from Highland. Now 8 you're asking me if I borrowed money from 9 Services? 10 Q. Yeah, let me – let me rephrase the 11 question, sir, because if it is not clear, that 12 is my fault, and I apologize. 13 Did you – have you borrowed money 14 from Highland Capital Management Services?	
1 DONDERO - 10/29/21 2 \$200 million? 3 MS. DEITSCH-PEREZ: Objection to the 4 form. 5 A. I don't have a basis for knowing 6 that. 7 Q. You do know that it is more than 8 \$100 million, don't you? 9 A. No. 10 Q. Do you owe today Highland Capital 11 Management Services more than \$75 million? 12 A. I don't know what the amount is. I 13 don't believe it is that much. 14 Q. Are the obligations to Highland 15 Capital —	1 DONDERO - 10/29/21 2 MR. MORRIS: Sure. 3 Q. Mr. Dondero, you borrowed money from 4 Highland Capital Management Services; correct? 5 A. I'm sorry, it sounds like at first 6 you were asking me, did Highland Capital 7 Services borrow money from Highland. Now 8 you're asking me if I borrowed money from 9 Services? 10 Q. Yeah, let me – let me rephrase the 11 question, sir, because if it is not clear, that 12 is my fault, and I apologize. 13 Did you – have you borrowed money 14 from Highland Capital Management Services? 15 A. I believe so.	
1 DONDERO - 10/29/21 2 \$200 million? 3 MS. DEITSCH-PEREZ: Objection to the 4 form. 5 A. I don't have a basis for knowing 6 that. 7 Q. You do know that it is more than 8 \$100 million, don't you? 9 A. No. 10 Q. Do you owe today Highland Capital 11 Management Services more than \$75 million? 12 A. I don't know what the amount is. I 13 don't believe it is that much. 14 Q. Are the obligations to Highland 15 Capital — 16 MS. DEITSCH-PEREZ: Hold on. Hold	1 DONDERO - 10/29/21 2 MR. MORRIS: Sure. 3 Q. Mr. Dondero, you borrowed money from 4 Highland Capital Management Services; correct? 5 A. I'm sorry, it sounds like at first 6 you were asking me, did Highland Capital 7 Services borrow money from Highland. Now 8 you're asking me if I borrowed money from 9 Services? 10 Q. Yeah, let me – let me rephrase the 11 question, sir, because if it is not clear, that 12 is my fault, and I apologize. 13 Did you – have you borrowed money 14 from Highland Capital Management Services? 15 A. I believe so. 16 Q. Okay. Do you know the aggregate	
1 DONDERO - 10/29/21 2 \$200 million? 3 MS. DEITSCH-PEREZ: Objection to the 4 form. 5 A. I don't have a basis for knowing 6 that. 7 Q. You do know that it is more than 8 \$100 million, don't you? 9 A. No. 10 Q. Do you owe today Highland Capital 11 Management Services more than \$75 million? 12 A. I don't know what the amount is. I 13 don't believe it is that much. 14 Q. Are the obligations to Highland 15 Capital – 16 MS. DEITSCH-PEREZ: Hold on. Hold 17 on. My connection just disappeared.	1 DONDERO - 10/29/21 2 MR. MORRIS: Sure. 3 Q. Mr. Dondero, you borrowed money from 4 Highland Capital Management Services; correct? 5 A. I'm sorry, it sounds like at first 6 you were asking me, did Highland Capital 7 Services borrow money from Highland. Now 8 you're asking me if I borrowed money from 9 Services? 10 Q. Yeah, let me – let me rephrase the 11 question, sir, because if it is not clear, that 12 is my fault, and I apologize. 13 Did you – have you borrowed money 14 from Highland Capital Management Services? 15 A. I believe so. 16 Q. Okay. Do you know the aggregate 17 principal amount that is outstanding today,	
1 DONDERO - 10/29/21 2 \$200 million? 3 MS. DEITSCH-PEREZ: Objection to the 4 form. 5 A. I don't have a basis for knowing 6 that. 7 Q. You do know that it is more than 8 \$100 million, don't you? 9 A. No. 10 Q. Do you owe today Highland Capital 11 Management Services more than \$75 million? 12 A. I don't know what the amount is. I 13 don't believe it is that much. 14 Q. Are the obligations to Highland 15 Capital — 16 MS. DEITSCH-PEREZ: Hold on. Hold 17 on. My connection just disappeared. 18 MR. MORRIS: Okay.	DONDERO - 10/29/21 MR. MORRIS: Sure. Q. Mr. Dondero, you borrowed money from Highland Capital Management Services; correct? A. I'm sorry, it sounds like at first you were asking me, did Highland Capital Services borrow money from Highland. Now you're asking me if I borrowed money from Services? Q. Yeah, let me — let me rephrase the question, sir, because if it is not clear, that is my fault, and I apologize. Did you — have you borrowed money from Highland Capital Management Services? A. I believe so. Q. Okay. Do you know the aggregate principal amount that is outstanding today, ballpark?	
1 DONDERO - 10/29/21 2 \$200 million? 3 MS. DEITSCH-PEREZ: Objection to the 4 form. 5 A. I don't have a basis for knowing 6 that. 7 Q. You do know that it is more than 8 \$100 million, don't you? 9 A. No. 10 Q. Do you owe today Highland Capital 11 Management Services more than \$75 million? 12 A. I don't know what the amount is. I 13 don't believe it is that much. 14 Q. Are the obligations to Highland 15 Capital — 16 MS. DEITSCH-PEREZ: Hold on. Hold 17 on. My connection just disappeared. 18 MR. MORRIS: Okay. 19 MS. DEITSCH-PEREZ: Okay, I'm back.	1 DONDERO - 10/29/21 2 MR. MORRIS: Sure. 3 Q. Mr. Dondero, you borrowed money from 4 Highland Capital Management Services; correct? 5 A. I'm sorry, it sounds like at first 6 you were asking me, did Highland Capital 7 Services borrow money from Highland. Now 8 you're asking me if I borrowed money from 9 Services? 10 Q. Yeah, let me – let me rephrase the 11 question, sir, because if it is not clear, that 12 is my fault, and I apologize. 13 Did you – have you borrowed money 14 from Highland Capital Management Services? 15 A. I believe so. 16 Q. Okay. Do you know the aggregate 17 principal amount that is outstanding today, 18 ballpark? 19 A. No.	
1 DONDERO - 10/29/21 2 \$200 million? 3 MS. DEITSCH-PEREZ: Objection to the 4 form. 5 A. I don't have a basis for knowing 6 that. 7 Q. You do know that it is more than 8 \$100 million, don't you? 9 A. No. 10 Q. Do you owe today Highland Capital 11 Management Services more than \$75 million? 12 A. I don't know what the amount is. I 13 don't believe it is that much. 14 Q. Are the obligations to Highland 15 Capital – 16 MS. DEITSCH-PEREZ: Hold on. Hold 17 on. My connection just disappeared. 18 MR. MORRIS: Okay. 19 MS. DEITSCH-PEREZ: Okay, I'm back. 20 Q. Okay. Did the – did the	1 DONDERO - 10/29/21 2 MR. MORRIS: Sure. 3 Q. Mr. Dondero, you borrowed money from 4 Highland Capital Management Services; correct? 5 A. I'm sorry, it sounds like at first 6 you were asking me, did Highland Capital 7 Services borrow money from Highland. Now 8 you're asking me if I borrowed money from 9 Services? 10 Q. Yeah, let me – let me rephrase the 11 question, sir, because if it is not clear, that 12 is my fault, and I apologize. 13 Did you – have you borrowed money 14 from Highland Capital Management Services? 15 A. I believe so. 16 Q. Okay. Do you know the aggregate 17 principal amount that is outstanding today, 18 ballpark? 19 A. No. 20 Q. Are the obligations that you have to	
1 DONDERO - 10/29/21 2 \$200 million? 3 MS. DEITSCH-PEREZ: Objection to the 4 form. 5 A. I don't have a basis for knowing 6 that. 7 Q. You do know that it is more than 8 \$100 million, don't you? 9 A. No. 10 Q. Do you owe today Highland Capital 11 Management Services more than \$75 million? 12 A. I don't know what the amount is. I 13 don't believe it is that much. 14 Q. Are the obligations to Highland 15 Capital – 16 MS. DEITSCH-PEREZ: Hold on. Hold 17 on. My connection just disappeared. 18 MR. MORRIS: Okay. 19 MS. DEITSCH-PEREZ: Okay, I'm back. 20 Q. Okay. Did the – did the 21 obligations that you have to Highland Capital	1 DONDERO - 10/29/21 2 MR. MORRIS: Sure. 3 Q. Mr. Dondero, you borrowed money from 4 Highland Capital Management Services; correct? 5 A. I'm sorry, it sounds like at first 6 you were asking me, did Highland Capital 7 Services borrow money from Highland. Now 8 you're asking me if I borrowed money from 9 Services? 10 Q. Yeah, let me – let me rephrase the 11 question, sir, because if it is not clear, that 12 is my fault, and I apologize. 13 Did you – have you borrowed money 14 from Highland Capital Management Services? 15 A. I believe so. 16 Q. Okay. Do you know the aggregate 17 principal amount that is outstanding today, 18 ballpark? 19 A. No. 20 Q. Are the obligations that you have to 21 Highland Capital Management Services reflected	
1 DONDERO - 10/29/21 2 \$200 million? 3 MS. DEITSCH-PEREZ: Objection to the 4 form. 5 A. I don't have a basis for knowing 6 that. 7 Q. You do know that it is more than 8 \$100 million, don't you? 9 A. No. 10 Q. Do you owe today Highland Capital 11 Management Services more than \$75 million? 12 A. I don't know what the amount is. I 13 don't believe it is that much. 14 Q. Are the obligations to Highland 15 Capital – 16 MS. DEITSCH-PEREZ: Hold on. Hold 17 on. My connection just disappeared. 18 MR. MORRIS: Okay. 19 MS. DEITSCH-PEREZ: Okay, I'm back. 20 Q. Okay. Did the – did the 21 obligations that you have to Highland Capital 22 Management Services, are they reflected in	1 DONDERO - 10/29/21 2 MR. MORRIS: Sure. 3 Q. Mr. Dondero, you borrowed money from 4 Highland Capital Management Services; correct? 5 A. I'm sorry, it sounds like at first 6 you were asking me, did Highland Capital 7 Services borrow money from Highland. Now 8 you're asking me if I borrowed money from 9 Services? 10 Q. Yeah, let me – let me rephrase the 11 question, sir, because if it is not clear, that 12 is my fault, and I apologize. 13 Did you – have you borrowed money 14 from Highland Capital Management Services? 15 A. I believe so. 16 Q. Okay. Do you know the aggregate 17 principal amount that is outstanding today, 18 ballpark? 19 A. No. 20 Q. Are the obligations that you have to 21 Highland Capital Management Services reflected 22 in promissory notes where you're the maker and	
1 DONDERO - 10/29/21 2 \$200 million? 3 MS. DEITSCH-PEREZ: Objection to the 4 form. 5 A. I don't have a basis for knowing 6 that. 7 Q. You do know that it is more than 8 \$100 million, don't you? 9 A. No. 10 Q. Do you owe today Highland Capital 11 Management Services more than \$75 million? 12 A. I don't know what the amount is. I 13 don't believe it is that much. 14 Q. Are the obligations to Highland 15 Capital — 16 MS. DEITSCH-PEREZ: Hold on. Hold 17 on. My connection just disappeared. 18 MR. MORRIS: Okay. 19 MS. DEITSCH-PEREZ: Okay, I'm back. 20 Q. Okay. Did the — did the 21 obligations that you have to Highland Capital 22 Management Services, are they reflected in 23 promissory notes?	1 DONDERO - 10/29/21 2 MR. MORRIS: Sure. 3 Q. Mr. Dondero, you borrowed money from 4 Highland Capital Management Services; correct? 5 A. I'm sorry, it sounds like at first 6 you were asking me, did Highland Capital 7 Services borrow money from Highland. Now 8 you're asking me if I borrowed money from 9 Services? 10 Q. Yeah, let me – let me rephrase the 11 question, sir, because if it is not clear, that 12 is my fault, and I apologize. 13 Did you – have you borrowed money 14 from Highland Capital Management Services? 15 A. I believe so. 16 Q. Okay. Do you know the aggregate 17 principal amount that is outstanding today, 18 ballpark? 19 A. No. 20 Q. Are the obligations that you have to 21 Highland Capital Management Services reflected 22 in promissory notes where you're the maker and 23 Highland Capital Management Services is the	
1 DONDERO - 10/29/21 2 \$200 million? 3 MS. DEITSCH-PEREZ: Objection to the 4 form. 5 A. I don't have a basis for knowing 6 that. 7 Q. You do know that it is more than 8 \$100 million, don't you? 9 A. No. 10 Q. Do you owe today Highland Capital 11 Management Services more than \$75 million? 12 A. I don't know what the amount is. I 13 don't believe it is that much. 14 Q. Are the obligations to Highland 15 Capital – 16 MS. DEITSCH-PEREZ: Hold on. Hold 17 on. My connection just disappeared. 18 MR. MORRIS: Okay. 19 MS. DEITSCH-PEREZ: Okay, I'm back. 20 Q. Okay. Did the – did the 21 obligations that you have to Highland Capital 22 Management Services, are they reflected in 23 promissory notes? 24 MS. DEITSCH-PEREZ: Could you repeat	1 DONDERO - 10/29/21 2 MR. MORRIS: Sure. 3 Q. Mr. Dondero, you borrowed money from 4 Highland Capital Management Services; correct? 5 A. I'm sorry, it sounds like at first 6 you were asking me, did Highland Capital 7 Services borrow money from Highland. Now 8 you're asking me if I borrowed money from 9 Services? 10 Q. Yeah, let me – let me rephrase the 11 question, sir, because if it is not clear, that 12 is my fault, and I apologize. 13 Did you – have you borrowed money 14 from Highland Capital Management Services? 15 A. I believe so. 16 Q. Okay. Do you know the aggregate 17 principal amount that is outstanding today, 18 ballpark? 19 A. No. 20 Q. Are the obligations that you have to 21 Highland Capital Management Services reflected 22 in promissory notes where you're the maker and 23 Highland Capital Management Services is the 24 payee?	
1 DONDERO - 10/29/21 2 \$200 million? 3 MS. DEITSCH-PEREZ: Objection to the 4 form. 5 A. I don't have a basis for knowing 6 that. 7 Q. You do know that it is more than 8 \$100 million, don't you? 9 A. No. 10 Q. Do you owe today Highland Capital 11 Management Services more than \$75 million? 12 A. I don't know what the amount is. I 13 don't believe it is that much. 14 Q. Are the obligations to Highland 15 Capital — 16 MS. DEITSCH-PEREZ: Hold on. Hold 17 on. My connection just disappeared. 18 MR. MORRIS: Okay. 19 MS. DEITSCH-PEREZ: Okay, I'm back. 20 Q. Okay. Did the — did the 21 obligations that you have to Highland Capital 22 Management Services, are they reflected in 23 promissory notes?	1 DONDERO - 10/29/21 2 MR. MORRIS: Sure. 3 Q. Mr. Dondero, you borrowed money from 4 Highland Capital Management Services; correct? 5 A. I'm sorry, it sounds like at first 6 you were asking me, did Highland Capital 7 Services borrow money from Highland. Now 8 you're asking me if I borrowed money from 9 Services? 10 Q. Yeah, let me – let me rephrase the 11 question, sir, because if it is not clear, that 12 is my fault, and I apologize. 13 Did you – have you borrowed money 14 from Highland Capital Management Services? 15 A. I believe so. 16 Q. Okay. Do you know the aggregate 17 principal amount that is outstanding today, 18 ballpark? 19 A. No. 20 Q. Are the obligations that you have to 21 Highland Capital Management Services reflected 22 in promissory notes where you're the maker and 23 Highland Capital Management Services is the	

Page 296	1 DONDERO - 10/29/21	Page 297
2 Q. Are you the maker on promissory	2 Q. Okay. When you were in control of	
3 notes in favor of Highland Capital Management	3 Highland, you personally decided who was hired	
4 Services, Inc.?	4 at that company; is that fair?	
5 A. Idon't know. I believe – I	5 A. Sometimes, in senior positions.	
6 believe so, or I believe I have in the past,	6 Q. Okay. Did your duties as president	
7 but I don't know.	7 of Highland include being familiar with the	
8 Q. Do you have any – any estimate as	8 debts and obligations that were owed to	
9 to how much money you owe Highland Capital		
10 Management Services, Inc. today?	10 MS. DEITSCH-PEREZ: Object to the	
11 MS. DEITSCH-PEREZ: Asked and	11 form.	
12 answered.	12 A. I mean, generally.	
13 A. No.	13 Q. Okay. Did you ever do anything to	
14 Q. Can you say if it is more or less	14 familiarize yourself with the debts and	
15 than \$50 million?	15 obligations that were owed to Highland?	
16 A. I don't know.	16 A. Are you referring to the affiliated	
17 Q. Can you say if it is more or less	17 notes or –	
18 than \$25 million?	18 Q. Sure.	
19 A. I don't know.	19 A. – or what – what are –	
20 Q. As a general matter, is it fair to	20 Q. I was – I was asking – I	
21 say that you know how to read and understand	21 apologize. I don't mean to step on your words.	
22 promissory notes?	22 A. No, you just because I don't	
23 MS. DEITSCH-PEREZ: Object to the	23 think Highland had a lot of other obligations	
24 form.	24 due from other parties, and the affiliated	
25 A. In general, yes.	25 notes in aggregate were always de minimis to	
Page 298		Page 299
1 DONDERO - 10/29/21	1 DONDERO - 10/29/21	Page 299
	DONDERO - 10/29/21 was charged with the responsibility of knowing	Page 299
1 DONDERO - 10/29/21		Page 299
1 DONDERO - 10/29/21 2 Highland than now, at any time.	2 was charged with the responsibility of knowing	Page 299
1 DONDERO - 10/29/21 2 Highland than now, at any time. 3 Q. It is your – it is your position	was charged with the responsibility of knowingthe number and amount of affiliate loans that	Page 299
 DONDERO - 10/29/21 Highland than now, at any time. Q. It is your – it is your position that the affiliate notes to Highland were de 	 was charged with the responsibility of knowing the number and amount of affiliate loans that Highland carried on its balance sheet? 	Page 299
1 DONDERO - 10/29/21 2 Highland than now, at any time. 3 Q. It is your – it is your position 4 that the affiliate notes to Highland were de 5 minimis in amount?	 was charged with the responsibility of knowing the number and amount of affiliate loans that Highland carried on its balance sheet? A. Sure. 	Page 299
1 DONDERO - 10/29/21 2 Highland than now, at any time. 3 Q. It is your – it is your position 4 that the affiliate notes to Highland were de 5 minimis in amount? 6 A. Yes.	 was charged with the responsibility of knowing the number and amount of affiliate loans that Highland carried on its balance sheet? A. Sure. Q. Can you identify the people who were 	Page 299
1 DONDERO - 10/29/21 2 Highland than now, at any time. 3 Q. It is your – it is your position 4 that the affiliate notes to Highland were de 5 minimis in amount? 6 A. Yes. 7 Q. And how do you define de minimus for	 was charged with the responsibility of knowing the number and amount of affiliate loans that Highland carried on its balance sheet? A. Sure. Q. Can you identify the people who were responsible for that? 	Page 299
1 DONDERO - 10/29/21 2 Highland than now, at any time. 3 Q. It is your – it is your position 4 that the affiliate notes to Highland were de 5 minimis in amount? 6 A. Yes. 7 Q. And how do you define de minimus for 8 that purpose?	 was charged with the responsibility of knowing the number and amount of affiliate loans that Highland carried on its balance sheet? A. Sure. Q. Can you identify the people who were responsible for that? A. The people in accounting responsible 	Page 299
1 DONDERO - 10/29/21 2 Highland than now, at any time. 3 Q. It is your – it is your position 4 that the affiliate notes to Highland were de 5 minimis in amount? 6 A. Yes. 7 Q. And how do you define de minimus for 8 that purpose? 9 A. I believe the balance sheet of	 was charged with the responsibility of knowing the number and amount of affiliate loans that Highland carried on its balance sheet? A. Sure. Q. Can you identify the people who were responsible for that? A. The people in accounting responsible for tracking assets and liabilities in 	Page 299
1 DONDERO - 10/29/21 2 Highland than now, at any time. 3 Q. It is your – it is your position 4 that the affiliate notes to Highland were de 5 minimis in amount? 6 A. Yes. 7 Q. And how do you define de minimus for 8 that purpose? 9 A. I believe the balance sheet of 10 Highland today for the last three years, four	 was charged with the responsibility of knowing the number and amount of affiliate loans that Highland carried on its balance sheet? A. Sure. Q. Can you identify the people who were responsible for that? A. The people in accounting responsible for tracking assets and liabilities in preparing all the audited financial statements 	Page 299
1 DONDERO - 10/29/21 2 Highland than now, at any time. 3 Q. It is your – it is your position 4 that the affiliate notes to Highland were de 5 minimis in amount? 6 A. Yes. 7 Q. And how do you define de minimus for 8 that purpose? 9 A. I believe the balance sheet of 10 Highland today for the last three years, four 11 years, five years has been between 5 and	 was charged with the responsibility of knowing the number and amount of affiliate loans that Highland carried on its balance sheet? A. Sure. Q. Can you identify the people who were responsible for that? A. The people in accounting responsible for tracking assets and liabilities in preparing all the audited financial statements every year and the quarterly unaudited 	Page 299
1 DONDERO - 10/29/21 2 Highland than now, at any time. 3 Q. It is your – it is your position 4 that the affiliate notes to Highland were de 5 minimis in amount? 6 A. Yes. 7 Q. And how do you define de minimus for 8 that purpose? 9 A. I believe the balance sheet of 10 Highland today for the last three years, four 11 years, five years has been between 5 and 12 \$600 million. I believe the notes have never	 was charged with the responsibility of knowing the number and amount of affiliate loans that Highland carried on its balance sheet? A. Sure. Q. Can you identify the people who were responsible for that? A. The people in accounting responsible for tracking assets and liabilities in preparing all the audited financial statements every year and the quarterly unaudited financial statements that were prepared and the 	Page 299
1 DONDERO - 10/29/21 2 Highland than now, at any time. 3 Q. It is your – it is your position 4 that the affiliate notes to Highland were de 5 minimis in amount? 6 A. Yes. 7 Q. And how do you define de minimus for 8 that purpose? 9 A. I believe the balance sheet of 10 Highland today for the last three years, four 11 years, five years has been between 5 and 12 \$600 million. I believe the notes have never 13 been more than 8 or 10 or 12 percent of that	 was charged with the responsibility of knowing the number and amount of affiliate loans that Highland carried on its balance sheet? A. Sure. Q. Can you identify the people who were responsible for that? A. The people in accounting responsible for tracking assets and liabilities in preparing all the audited financial statements every year and the quarterly unaudited financial statements that were prepared and the monthly operating reports. 	Page 299
1 DONDERO - 10/29/21 2 Highland than now, at any time. 3 Q. It is your – it is your position 4 that the affiliate notes to Highland were de 5 minimis in amount? 6 A. Yes. 7 Q. And how do you define de minimus for 8 that purpose? 9 A. I believe the balance sheet of 10 Highland today for the last three years, four 11 years, five years has been between 5 and 12 \$600 million. I believe the notes have never 13 been more than 8 or 10 or 12 percent of that 14 number.	 was charged with the responsibility of knowing the number and amount of affiliate loans that Highland carried on its balance sheet? A. Sure. Q. Can you identify the people who were responsible for that? A. The people in accounting responsible for tracking assets and liabilities in preparing all the audited financial statements every year and the quarterly unaudited financial statements that were prepared and the monthly operating reports. Q. Can you – can you name any names of 	Page 299
1 DONDERO - 10/29/21 2 Highland than now, at any time. 3 Q. It is your – it is your position 4 that the affiliate notes to Highland were de 5 minimis in amount? 6 A. Yes. 7 Q. And how do you define de minimus for 8 that purpose? 9 A. I believe the balance sheet of 10 Highland today for the last three years, four 11 years, five years has been between 5 and 12 \$600 million. I believe the notes have never 13 been more than 8 or 10 or 12 percent of that 14 number. 15 Q. And you believe that 8 or 10 or	 was charged with the responsibility of knowing the number and amount of affiliate loans that Highland carried on its balance sheet? A. Sure. Q. Can you identify the people who were responsible for that? A. The people in accounting responsible for tracking assets and liabilities in preparing all the audited financial statements every year and the quarterly unaudited financial statements that were prepared and the monthly operating reports. Q. Can you – can you name any names of the people who had the responsibilities that 	Page 299
1 DONDERO - 10/29/21 2 Highland than now, at any time. 3 Q. It is your – it is your position 4 that the affiliate notes to Highland were de 5 minimis in amount? 6 A. Yes. 7 Q. And how do you define de minimus for 8 that purpose? 9 A. I believe the balance sheet of 10 Highland today for the last three years, four 11 years, five years has been between 5 and 12 \$600 million. I believe the notes have never 13 been more than 8 or 10 or 12 percent of that 14 number. 15 Q. And you believe that 8 or 10 or 16 12 percent of Highland's asset base you	 was charged with the responsibility of knowing the number and amount of affiliate loans that Highland carried on its balance sheet? A. Sure. Q. Can you identify the people who were responsible for that? A. The people in accounting responsible for tracking assets and liabilities in preparing all the audited financial statements every year and the quarterly unaudited financial statements that were prepared and the monthly operating reports. Q. Can you – can you name any names of the people who had the responsibilities that you just described? 	Page 299
1 DONDERO - 10/29/21 2 Highland than now, at any time. 3 Q. It is your – it is your position 4 that the affiliate notes to Highland were de 5 minimis in amount? 6 A. Yes. 7 Q. And how do you define de minimus for 8 that purpose? 9 A. I believe the balance sheet of 10 Highland today for the last three years, four 11 years, five years has been between 5 and 12 \$600 million. I believe the notes have never 13 been more than 8 or 10 or 12 percent of that 14 number. 15 Q. And you believe that 8 or 10 or 16 12 percent of Highland's asset base you 17 would – you would define as de minimis?	 was charged with the responsibility of knowing the number and amount of affiliate loans that Highland carried on its balance sheet? A. Sure. Q. Can you identify the people who were responsible for that? A. The people in accounting responsible for tracking assets and liabilities in preparing all the audited financial statements every year and the quarterly unaudited financial statements that were prepared and the monthly operating reports. Q. Can you – can you name any names of the people who had the responsibilities that you just described? A. I think it changed regularly, but it 	Page 299
1 DONDERO - 10/29/21 2 Highland than now, at any time. 3 Q. It is your – it is your position 4 that the affiliate notes to Highland were de 5 minimis in amount? 6 A. Yes. 7 Q. And how do you define de minimus for 8 that purpose? 9 A. I believe the balance sheet of 10 Highland today for the last three years, four 11 years, five years has been between 5 and 12 \$600 million. I believe the notes have never 13 been more than 8 or 10 or 12 percent of that 14 number. 15 Q. And you believe that 8 or 10 or 16 12 percent of Highland's asset base you 17 would – you would define as de minimis? 18 A. Yes. 19 Q. Okay. As – as president of	 was charged with the responsibility of knowing the number and amount of affiliate loans that Highland carried on its balance sheet? A. Sure. Q. Can you identify the people who were responsible for that? A. The people in accounting responsible for tracking assets and liabilities in preparing all the audited financial statements every year and the quarterly unaudited financial statements that were prepared and the monthly operating reports. Q. Can you – can you name any names of the people who had the responsibilities that you just described? A. I think it changed regularly, but it would have been people in Frank's group in accounting. 	Page 299
1 DONDERO - 10/29/21 2 Highland than now, at any time. 3 Q. It is your – it is your position 4 that the affiliate notes to Highland were de 5 minimis in amount? 6 A. Yes. 7 Q. And how do you define de minimus for 8 that purpose? 9 A. I believe the balance sheet of 10 Highland today for the last three years, four 11 years, five years has been between 5 and 12 \$600 million. I believe the notes have never 13 been more than 8 or 10 or 12 percent of that 14 number. 15 Q. And you believe that 8 or 10 or 16 12 percent of Highland's asset base you 17 would – you would define as de minimis? 18 A. Yes. 19 Q. Okay. As – as president of 20 Highland, did you ever do anything to	 was charged with the responsibility of knowing the number and amount of affiliate loans that Highland carried on its balance sheet? A. Sure. Q. Can you identify the people who were responsible for that? A. The people in accounting responsible for tracking assets and liabilities in preparing all the audited financial statements every year and the quarterly unaudited financial statements that were prepared and the monthly operating reports. Q. Can you – can you name any names of the people who had the responsibilities that you just described? A. I think it changed regularly, but it would have been people in Frank's group in accounting. 	Page 299
1 DONDERO - 10/29/21 2 Highland than now, at any time. 3 Q. It is your – it is your position 4 that the affiliate notes to Highland were de 5 minimis in amount? 6 A. Yes. 7 Q. And how do you define de minimus for 8 that purpose? 9 A. I believe the balance sheet of 10 Highland today for the last three years, four 11 years, five years has been between 5 and 12 \$600 million. I believe the notes have never 13 been more than 8 or 10 or 12 percent of that 14 number. 15 Q. And you believe that 8 or 10 or 16 12 percent of Highland's asset base you 17 would – you would define as de minimis? 18 A. Yes. 19 Q. Okay. As – as president of 20 Highland, did you ever do anything to 21 familiarize yourself with the number and amount	was charged with the responsibility of knowing the number and amount of affiliate loans that Highland carried on its balance sheet? A. Sure. Q. Can you identify the people who were responsible for that? A. The people in accounting responsible for tracking assets and liabilities in preparing all the audited financial statements every year and the quarterly unaudited financial statements that were prepared and the monthly operating reports. Q. Can you – can you name any names of the people who had the responsibilities that you just described? A. I think it changed regularly, but it would have been people in Frank's group in accounting. Q. Did Frank have any responsibility for knowing and understanding the affiliate	Page 299
1 DONDERO - 10/29/21 2 Highland than now, at any time. 3 Q. It is your – it is your position 4 that the affiliate notes to Highland were de 5 minimis in amount? 6 A. Yes. 7 Q. And how do you define de minimus for 8 that purpose? 9 A. I believe the balance sheet of 10 Highland today for the last three years, four 11 years, five years has been between 5 and 12 \$600 million. I believe the notes have never 13 been more than 8 or 10 or 12 percent of that 14 number. 15 Q. And you believe that 8 or 10 or 16 12 percent of Highland's asset base you 17 would – you would define as de minimis? 18 A. Yes. 19 Q. Okay. As – as president of 20 Highland, did you ever do anything to 21 familiarize yourself with the number and amount 22 of affiliate loans that Highland carried on its	 was charged with the responsibility of knowing the number and amount of affiliate loans that Highland carried on its balance sheet? A. Sure. Q. Can you identify the people who were responsible for that? A. The people in accounting responsible for tracking assets and liabilities in preparing all the audited financial statements every year and the quarterly unaudited financial statements that were prepared and the monthly operating reports. Q. Can you – can you name any names of the people who had the responsibilities that you just described? A. I think it changed regularly, but it would have been people in Frank's group in accounting. Q. Did Frank have any responsibility for knowing and understanding the affiliate 	Page 299
1 DONDERO - 10/29/21 2 Highland than now, at any time. 3 Q. It is your – it is your position 4 that the affiliate notes to Highland were de 5 minimis in amount? 6 A. Yes. 7 Q. And how do you define de minimus for 8 that purpose? 9 A. I believe the balance sheet of 10 Highland today for the last three years, four 11 years, five years has been between 5 and 12 \$600 million. I believe the notes have never 13 been more than 8 or 10 or 12 percent of that 14 number. 15 Q. And you believe that 8 or 10 or 16 12 percent of Highland's asset base you 17 would – you would define as de minimis? 18 A. Yes. 19 Q. Okay. As – as president of 20 Highland, did you ever do anything to 21 familiarize yourself with the number and amount 22 of affiliate loans that Highland carried on its	 was charged with the responsibility of knowing the number and amount of affiliate loans that Highland carried on its balance sheet? A. Sure. Q. Can you identify the people who were responsible for that? A. The people in accounting responsible for tracking assets and liabilities in preparing all the audited financial statements every year and the quarterly unaudited financial statements that were prepared and the monthly operating reports. Q. Can you – can you name any names of the people who had the responsibilities that you just described? A. I think it changed regularly, but it would have been people in Frank's group in accounting. Q. Did Frank have any responsibility for knowing and understanding the affiliate loans that Highland carried on its balance sheet? 	Page 299
1 DONDERO - 10/29/21 2 Highland than now, at any time. 3 Q. It is your – it is your position 4 that the affiliate notes to Highland were de 5 minimis in amount? 6 A. Yes. 7 Q. And how do you define de minimus for 8 that purpose? 9 A. I believe the balance sheet of 10 Highland today for the last three years, four 11 years, five years has been between 5 and 12 \$600 million. I believe the notes have never 13 been more than 8 or 10 or 12 percent of that 14 number. 15 Q. And you believe that 8 or 10 or 16 12 percent of Highland's asset base you 17 would – you would define as de minimis? 18 A. Yes. 19 Q. Okay. As – as president of 20 Highland, did you ever do anything to 21 familiarize yourself with the number and amount 22 of affiliate loans that Highland carried on its 23 books and records?	 was charged with the responsibility of knowing the number and amount of affiliate loans that Highland carried on its balance sheet? A. Sure. Q. Can you identify the people who were responsible for that? A. The people in accounting responsible for tracking assets and liabilities in preparing all the audited financial statements every year and the quarterly unaudited financial statements that were prepared and the monthly operating reports. Q. Can you – can you name any names of the people who had the responsibilities that you just described? A. I think it changed regularly, but it would have been people in Frank's group in accounting. Q. Did Frank have any responsibility for knowing and understanding the affiliate loans that Highland carried on its balance sheet? 	Page 299

Dodo 3			D 001
Page 30	1	DONDERO - 10/29/21	Page 301
2 and – yes.	2 re	esponsibility for knowing and understanding	
3 Q. And can you – can you identify the	3 th	he affiliate loans that Highland carried on	
4 name of any person in the accounting group in,		s balance sheets?	
5 let's say, the three years prior to the	5	A. No.	
6 bankruptcy who had responsibility for knowing	6	Q. And to the best of your knowledge as	
7 and understanding the scope of affiliate loans	7 y	ou sit here today, you never personally did	
8 that Highland carried on its balance sheet?	1 -	anything to know and understand the extent and	
9 A. No, I would just be speculating but	I	cope of the affiliate loans that Highland	
10 it would be – the senior people in Frank's		carried on its balance sheet; is that right?	
11 group would be responsible for the financial	11	A. Correct.	
12 statements.	12	Q. Okay. You appointed Mr. Waterhouse	
13 Q. Are you able to name the people, the		as Highland's CFO; is that right?	
14 senior people in Frank's group in the couple of	14	A. I think it was appointed and	
15 years prior to the bankruptcy?		recommended by Patrick Boyce, but I agreed with	
16 A. Yes, but I don't know – like		the selection.	
17 David Klos was a senior person, Cliff Stoops	17	Q. And you –	
18 was a senior person. There were a couple	18	A. That – (speaking simultaneously.)	
19 up-and-comers below them, but who did the	19	Q. I apologize, are you done?	
20 financials – how Frank assigned the work in	20	A. I'm just saying that was a long time	
21 his group, I have no idea.	I	ago, but I don't remember the details exactly.	
22 Q. Did you ever ask?	22	Q. But you had the authority and you	
23 A. No.		used that authority to appoint Frank as CFO;	
24 Q. Do you have any knowledge as you sit		correct?	
25 here today who within Frank's group had	25	MS. DEITSCH-PEREZ: There's a lag in	
23 Here today who within Frank's group had	25	Wo. DETTOOTH ENEZ. THEIRS a lag III	
Page 30 1 DONDERO - 10/29/21	1	DONDERO - 10/29/21	Page 303
		DOINDLING - 10/29/21	
1.2 the video I don't know if it matters, but	2 4	luties as chief financial officer?	
2 the video. I don't know if it matters, but		duties as chief financial officer?	
3 for a while Jim was frozen. And I know	3	A. Yes.	
 for a while Jim was frozen. And I know because – since there was voice and no – 	3 4	A. Yes. Q. Can you recall anything that	
 for a while Jim was frozen. And I know because – since there was voice and no – his mouth wasn't moving. So let's just – 	3 4 5 M	A. Yes. Q. Can you recall anything that Ar. Waterhouse did in his capacity as	
 for a while Jim was frozen. And I know because – since there was voice and no – his mouth wasn't moving. So let's just – if the videographer sees there is a 	3 4 5 M 6 H	A. Yes. Q. Can you recall anything that Mr. Waterhouse did in his capacity as Highland's CFO that did not comport with your	
for a while Jim was frozen. And I know because – since there was voice and no – his mouth wasn't moving. So let's just – if the videographer sees there is a problem, please let us know.	3 4 5 M 6 H 7 e	A. Yes. Q. Can you recall anything that Mr. Waterhouse did in his capacity as Highland's CFO that did not comport with your expectations?	
for a while Jim was frozen. And I know because – since there was voice and no – his mouth wasn't moving. So let's just – if the videographer sees there is a problem, please let us know. Q. I –	3 4 5 N 6 H 7 e 8	A. Yes. Q. Can you recall anything that Mr. Waterhouse did in his capacity as Highland's CFO that did not comport with your expectations? A. I think we will talk about some of	
for a while Jim was frozen. And I know because – since there was voice and no – his mouth wasn't moving. So let's just – if the videographer sees there is a problem, please let us know. Q. I – A. Yes. I'm sorry, could you just	3 4 5 M 6 H 7 e 8 9 th	A. Yes. Q. Can you recall anything that Ar. Waterhouse did in his capacity as dighland's CFO that did not comport with your expectations? A. I think we will talk about some of those today.	
for a while Jim was frozen. And I know because – since there was voice and no – his mouth wasn't moving. So let's just – if the videographer sees there is a problem, please let us know. Q. I – A. Yes. I'm sorry, could you just repeat the question regarding Frank, please?	3 4 5 M 6 H 7 e 8 9 th	A. Yes. Q. Can you recall anything that Mr. Waterhouse did in his capacity as Highland's CFO that did not comport with your expectations? A. I think we will talk about some of hose today. Q. Okay. Do you have any reason to	
for a while Jim was frozen. And I know because – since there was voice and no – his mouth wasn't moving. So let's just – if the videographer sees there is a problem, please let us know. Q. I – A. Yes. I'm sorry, could you just repeat the question regarding Frank, please? Q. Sure.	3 4 5 M 6 H 7 e 8 9 th	A. Yes. Q. Can you recall anything that Mr. Waterhouse did in his capacity as Highland's CFO that did not comport with your expectations? A. I think we will talk about some of hose today. Q. Okay. Do you have any reason to believe that Mr. Waterhouse ever breached his	
for a while Jim was frozen. And I know because – since there was voice and no – his mouth wasn't moving. So let's just – if the videographer sees there is a problem, please let us know. Q. I – A. Yes. I'm sorry, could you just repeat the question regarding Frank, please? Q. Sure. As the president of Highland, did	3 4 5 M 6 H 7 e 8 9 th 10 11 k	A. Yes. Q. Can you recall anything that Mr. Waterhouse did in his capacity as Highland's CFO that did not comport with your expectations? A. I think we will talk about some of hose today. Q. Okay. Do you have any reason to believe that Mr. Waterhouse ever breached his duties to Highland during the time that you	
for a while Jim was frozen. And I know because – since there was voice and no – his mouth wasn't moving. So let's just – if the videographer sees there is a problem, please let us know. Q. I – A. Yes. I'm sorry, could you just repeat the question regarding Frank, please? Q. Sure. As the president of Highland, did you have the authority and did you exercise	3 4 5 M 6 H 7 e 8 9 th 10 11 k 12 c	A. Yes. Q. Can you recall anything that Mr. Waterhouse did in his capacity as Highland's CFO that did not comport with your expectations? A. I think we will talk about some of hose today. Q. Okay. Do you have any reason to believe that Mr. Waterhouse ever breached his duties to Highland during the time that you served as president?	
for a while Jim was frozen. And I know because – since there was voice and no – his mouth wasn't moving. So let's just – if the videographer sees there is a problem, please let us know. Q. I – A. Yes. I'm sorry, could you just repeat the question regarding Frank, please? Q. Sure. As the president of Highland, did you have the authority and did you exercise that authority to appoint him as Highland's	3 4 5 M 6 H 7 e 8 9 th 10 11 k 12 c 13 s	A. Yes. Q. Can you recall anything that Mr. Waterhouse did in his capacity as Highland's CFO that did not comport with your expectations? A. I think we will talk about some of hose today. Q. Okay. Do you have any reason to believe that Mr. Waterhouse ever breached his duties to Highland during the time that you served as president? COURT REPORTER: We can't hear you	
for a while Jim was frozen. And I know because – since there was voice and no – his mouth wasn't moving. So let's just – if the videographer sees there is a problem, please let us know. Q. I – A. Yes. I'm sorry, could you just repeat the question regarding Frank, please? Q. Sure. As the president of Highland, did you have the authority and did you exercise that authority to appoint him as Highland's CFO?	3 4 5 M 6 H 7 e 8 9 th 10 11 k 12 c 13 s 14 15	A. Yes. Q. Can you recall anything that Mr. Waterhouse did in his capacity as Highland's CFO that did not comport with your expectations? A. I think we will talk about some of hose today. Q. Okay. Do you have any reason to believe that Mr. Waterhouse ever breached his duties to Highland during the time that you served as president? COURT REPORTER: We can't hear you speaking.	
for a while Jim was frozen. And I know because – since there was voice and no – his mouth wasn't moving. So let's just – if the videographer sees there is a problem, please let us know. Q. I – A. Yes. I'm sorry, could you just repeat the question regarding Frank, please? Q. Sure. As the president of Highland, did you have the authority and did you exercise that authority to appoint him as Highland's FCFO? A. Yes.	3 4 5 6 7 e 8 9 th 10 11 k 12 c 13 s 14 15 16	A. Yes. Q. Can you recall anything that Mr. Waterhouse did in his capacity as Highland's CFO that did not comport with your expectations? A. I think we will talk about some of hose today. Q. Okay. Do you have any reason to believe that Mr. Waterhouse ever breached his duties to Highland during the time that you served as president? COURT REPORTER: We can't hear you speaking. Q. We haven't heard any portion of your	
for a while Jim was frozen. And I know because – since there was voice and no – his mouth wasn't moving. So let's just – if the videographer sees there is a problem, please let us know. Q. I – A. Yes. I'm sorry, could you just repeat the question regarding Frank, please? Q. Sure. As the president of Highland, did you have the authority and did you exercise that authority to appoint him as Highland's FCFO? A. Yes. CFO? COMPANY.	3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 a	A. Yes. Q. Can you recall anything that Mr. Waterhouse did in his capacity as Highland's CFO that did not comport with your expectations? A. I think we will talk about some of hose today. Q. Okay. Do you have any reason to believe that Mr. Waterhouse ever breached his duties to Highland during the time that you served as president? COURT REPORTER: We can't hear you speaking. Q. We haven't heard any portion of your answer, Mr. Dondero.	
for a while Jim was frozen. And I know because – since there was voice and no – his mouth wasn't moving. So let's just – if the videographer sees there is a problem, please let us know. Q. I – A. Yes. I'm sorry, could you just repeat the question regarding Frank, please? Q. Sure. As the president of Highland, did you have the authority and did you exercise that authority to appoint him as Highland's FCFO? A. Yes. C. Okay. Do you recall when you appointed Mr. Waterhouse CFO of Highland?	3 4 5 M 6 H 7 e 8 9 th 10 11 k 12 c 13 s 14 15 16 17 a 18	A. Yes. Q. Can you recall anything that Mr. Waterhouse did in his capacity as Highland's CFO that did not comport with your expectations? A. I think we will talk about some of hose today. Q. Okay. Do you have any reason to believe that Mr. Waterhouse ever breached his duties to Highland during the time that you served as president? COURT REPORTER: We can't hear you speaking. Q. We haven't heard any portion of your answer, Mr. Dondero. MR. MORRIS: I don't know if people	
for a while Jim was frozen. And I know because – since there was voice and no – his mouth wasn't moving. So let's just – if the videographer sees there is a problem, please let us know. Q. I – A. Yes. I'm sorry, could you just repeat the question regarding Frank, please? Q. Sure. As the president of Highland, did you have the authority and did you exercise that authority to appoint him as Highland's FCFO? A. Yes. CFO? A. Yes. CFO? A. Yes. A. No.	3 4 5 M 6 F 7 e 8 9 tf 10 11 k 12 0 13 14 15 16 17 4 18 19	A. Yes. Q. Can you recall anything that Mr. Waterhouse did in his capacity as Highland's CFO that did not comport with your expectations? A. I think we will talk about some of hose today. Q. Okay. Do you have any reason to believe that Mr. Waterhouse ever breached his duties to Highland during the time that you served as president? COURT REPORTER: We can't hear you speaking. Q. We haven't heard any portion of your answer, Mr. Dondero. MR. MORRIS: I don't know if people can – can hear, but I cannot hear	
for a while Jim was frozen. And I know because – since there was voice and no – his mouth wasn't moving. So let's just – if the videographer sees there is a problem, please let us know. Q. I – A. Yes. I'm sorry, could you just repeat the question regarding Frank, please? Q. Sure. As the president of Highland, did you have the authority and did you exercise that authority to appoint him as Highland's FCFO? A. Yes. Q. Okay. Do you recall when you appointed Mr. Waterhouse CFO of Highland? A. No. Q. Was it more than five years prior to	3 4 5 6 7 8 9 10 11 12 6 13 8 14 15 16 17 8 19 20	A. Yes. Q. Can you recall anything that Mr. Waterhouse did in his capacity as Highland's CFO that did not comport with your expectations? A. I think we will talk about some of hose today. Q. Okay. Do you have any reason to believe that Mr. Waterhouse ever breached his duties to Highland during the time that you served as president? COURT REPORTER: We can't hear you speaking. Q. We haven't heard any portion of your answer, Mr. Dondero. MR. MORRIS: I don't know if people can – can hear, but I cannot hear Mr. Dondero.	
for a while Jim was frozen. And I know because – since there was voice and no – his mouth wasn't moving. So let's just – if the videographer sees there is a problem, please let us know. Q. I – A. Yes. I'm sorry, could you just repeat the question regarding Frank, please? Q. Sure. As the president of Highland, did you have the authority and did you exercise that authority to appoint him as Highland's CFO? A. Yes. Q. Okay. Do you recall when you appointed Mr. Waterhouse CFO of Highland? A. No. Q. Was it more than five years prior to the bankruptcy?	3 4 5 6 7 8 9 10 11 12 6 13 14 15 16 17 18 19 20 21	A. Yes. Q. Can you recall anything that Mr. Waterhouse did in his capacity as dighland's CFO that did not comport with your expectations? A. I think we will talk about some of hose today. Q. Okay. Do you have any reason to believe that Mr. Waterhouse ever breached his duties to Highland during the time that you served as president? COURT REPORTER: We can't hear you speaking. Q. We haven't heard any portion of your answer, Mr. Dondero. MR. MORRIS: I don't know if people can – can hear, but I cannot hear Mr. Dondero. COURT REPORTER: I can't either.	
for a while Jim was frozen. And I know because – since there was voice and no – his mouth wasn't moving. So let's just – if the videographer sees there is a problem, please let us know. Q. I – A. Yes. I'm sorry, could you just repeat the question regarding Frank, please? Q. Sure. As the president of Highland, did you have the authority and did you exercise that authority to appoint him as Highland's FCFO? A. Yes. Q. Okay. Do you recall when you appointed Mr. Waterhouse CFO of Highland? A. No. Q. Was it more than five years prior to the bankruptcy? A. Yes.	3 4 5 M 6 H 7 e 8 9 th 10 11 k 12 c 13 s 14 15 16 17 a 18 19 20 21 22	A. Yes. Q. Can you recall anything that Mr. Waterhouse did in his capacity as Highland's CFO that did not comport with your expectations? A. I think we will talk about some of hose today. Q. Okay. Do you have any reason to believe that Mr. Waterhouse ever breached his duties to Highland during the time that you served as president? COURT REPORTER: We can't hear you speaking. Q. We haven't heard any portion of your answer, Mr. Dondero. MR. MORRIS: I don't know if people can – can hear, but I cannot hear Mr. Dondero. COURT REPORTER: I can't either. MR. MORRIS: Yeah, Deborah, can you	
for a while Jim was frozen. And I know because – since there was voice and no – his mouth wasn't moving. So let's just – if the videographer sees there is a problem, please let us know. Q. I – A. Yes. I'm sorry, could you just repeat the question regarding Frank, please? Q. Sure. As the president of Highland, did you have the authority and did you exercise that authority to appoint him as Highland's FCFO? A. Yes. Q. Okay. Do you recall when you appointed Mr. Waterhouse CFO of Highland? A. No. Q. Was it more than five years prior to the bankruptcy? A. Yes. Q. As the president – during the time	3 4 5 M 6 F 7 e 8 9 tf 10 11 k 12 0 13 s 14 15 16 17 a 18 19 20 21 22 23	A. Yes. Q. Can you recall anything that Mr. Waterhouse did in his capacity as Highland's CFO that did not comport with your expectations? A. I think we will talk about some of hose today. Q. Okay. Do you have any reason to believe that Mr. Waterhouse ever breached his duties to Highland during the time that you served as president? COURT REPORTER: We can't hear you speaking. Q. We haven't heard any portion of your answer, Mr. Dondero. MR. MORRIS: I don't know if people can – can hear, but I cannot hear Mr. Dondero. COURT REPORTER: I can't either. MR. MORRIS: Yeah, Deborah, can you speak, please.	
for a while Jim was frozen. And I know because – since there was voice and no – his mouth wasn't moving. So let's just – if the videographer sees there is a problem, please let us know. Q. I – A. Yes. I'm sorry, could you just repeat the question regarding Frank, please? Q. Sure. As the president of Highland, did you have the authority and did you exercise that authority to appoint him as Highland's CFO? A. Yes. Q. Okay. Do you recall when you appointed Mr. Waterhouse CFO of Highland? A. No. Q. Was it more than five years prior to the bankruptcy? A. Yes. Q. As the president – during the time that you served as president of Highland, did	3 4 5 M 6 H 7 e 8 9 th 10 11 k 12 c 13 14 15 16 17 a 18 19 20 21 22 23 24	A. Yes. Q. Can you recall anything that Mr. Waterhouse did in his capacity as Highland's CFO that did not comport with your expectations? A. I think we will talk about some of hose today. Q. Okay. Do you have any reason to believe that Mr. Waterhouse ever breached his duties to Highland during the time that you served as president? COURT REPORTER: We can't hear you speaking. Q. We haven't heard any portion of your answer, Mr. Dondero. MR. MORRIS: I don't know if people can – can hear, but I cannot hear Mr. Dondero. COURT REPORTER: I can't either. MR. MORRIS: Yeah, Deborah, can you speak, please. COURT REPORTER: They're on the same	
for a while Jim was frozen. And I know because – since there was voice and no – his mouth wasn't moving. So let's just – if the videographer sees there is a problem, please let us know. Q. I – A. Yes. I'm sorry, could you just repeat the question regarding Frank, please? Q. Sure. As the president of Highland, did you have the authority and did you exercise that authority to appoint him as Highland's FCFO? A. Yes. Q. Okay. Do you recall when you appointed Mr. Waterhouse CFO of Highland? A. No. Q. Was it more than five years prior to the bankruptcy? A. Yes. Q. As the president – during the time	3 4 5 M 6 F 7 e 8 9 tf 10 11 k 12 0 13 s 14 15 16 17 a 18 19 20 21 22 23	A. Yes. Q. Can you recall anything that Mr. Waterhouse did in his capacity as Highland's CFO that did not comport with your expectations? A. I think we will talk about some of hose today. Q. Okay. Do you have any reason to believe that Mr. Waterhouse ever breached his duties to Highland during the time that you served as president? COURT REPORTER: We can't hear you speaking. Q. We haven't heard any portion of your answer, Mr. Dondero. MR. MORRIS: I don't know if people can – can hear, but I cannot hear Mr. Dondero. COURT REPORTER: I can't either. MR. MORRIS: Yeah, Deborah, can you speak, please.	

		Page 304			Page 305
1	DONDERO - 10/29/21	· ·	1	DONDERO - 10/29/21	· ·
2	VIDEOGRAPHER: Do we want to go off		2	that you were president, do you have any reason	
3	the record?		3	to believe that Mr. Waterhouse breached his	
4	MR. MORRIS: Yes, please.		4	duties to Highland?	
5	VIDEOGRAPHER: Off the record,		5	MS. DEITSCH-PEREZ: Asked and	
6	10:41.		6	answered. This is the third time.	
7	(Recess taken 10:41 a.m. to 10:47 a.m.)		7	A. No.	
8	VIDEOGRAPHER: Back on the record,		8	MR. MORRIS: It is actually not.	
9	10:47.		9	Q. But thank you, Mr. Dondero. I	
10	Q. Okay. Let me just ask the question		10	appreciate that.	
11	again so the record is clean, Mr. Dondero.		11	After you ceased to be president of	
12	Do you have any reason to believe as		12	Highland, do you have any reason to believe	
13	you sit here right now that Mr. Waterhouse ever		13	that Mr. Waterhouse breached his duties to	
14	breached his duties to Highland during the time		14	Highland?	
15	that you served as president?		15	A. Breached his duties to I don't	
16	MS. DEITSCH-PEREZ: Asked and		16	I don't know if it is – I don't want to – I	
17	answered.		17	don't want to make a judgment overall. When we	
118	A. Yeah, I think I did ask and answer		18	talk about the notes we can make conclusions	
19	that. Again, not intentionally, not		19	then.	
20	maliciously. I am – I guess things we're		20	Q. All right. But you're not able to	
21	going to talk about today are for periods of		21	tell me in response to my question whether you	
22	time after I was president, so		22	believe today that Mr. Waterhouse breached his	
23	•		23	duties to Highland after the time that you	
Ι	Q. Right. That is going to be the next				
24	question that I ask. But to be clear – I just		24	served as president?	
25	want to have a clear record – during the time		25	MS. DEITSCH-PEREZ: Object to the	
		D 000			
1	DONDERO 10/20/21	Page 306	1	DONDERO 10/20/21	Page 307
1	DONDERO - 10/29/21	Page 306	1	DONDERO - 10/29/21	Page 307
2	form of the question.	Page 306	2	major withdrawn.	Page 307
2 3	form of the question. A. I don't want to comment off the top	Page 306	2	major- – withdrawn. Do you directly or indirectly own a	Page 307
2 3 4	form of the question. A. I don't want to comment off the top of my head, but I've highlighted that we will	Page 306	2 3 4	major- – withdrawn. Do you directly or indirectly own a majority of the ownership interests in HCMFA?	Page 307
2 3 4 5	form of the question. A. I don't want to comment off the top of my head, but I've highlighted that we will discuss it around the note issue.	Page 306	2 3 4 5	major- – withdrawn. Do you directly or indirectly own a majority of the ownership interests in HCMFA? A. I believe so.	Page 307
2 3 4	form of the question. A. I don't want to comment off the top of my head, but I've highlighted that we will discuss it around the note issue. Q. Okay. You are familiar with an	Page 306	2 3 4 5 6	major- – withdrawn. Do you directly or indirectly own a majority of the ownership interests in HCMFA? A. I believe so. Q. Okay. And do you control HCMFA?	Page 307
2 3 4 5 6 7	form of the question. A. I don't want to comment off the top of my head, but I've highlighted that we will discuss it around the note issue. Q. Okay. You are familiar with an entity called Highland Capital Management Fund	Page 306	2 3 4 5 6 7	major- – withdrawn. Do you directly or indirectly own a majority of the ownership interests in HCMFA? A. I believe so. Q. Okay. And do you control HCMFA? A. Yes.	Page 307
2 3 4 5 6 7 8	form of the question. A. I don't want to comment off the top of my head, but I've highlighted that we will discuss it around the note issue. Q. Okay. You are familiar with an entity called Highland Capital Management Fund Advisors, L.P.; is that correct?	Page 306	2 3 4 5 6 7 8	major- – withdrawn. Do you directly or indirectly own a majority of the ownership interests in HCMFA? A. I believe so. Q. Okay. And do you control HCMFA? A. Yes. Q. And do you know when HCMFA was	Page 307
2 3 4 5 6 7 8 9	form of the question. A. I don't want to comment off the top of my head, but I've highlighted that we will discuss it around the note issue. Q. Okay. You are familiar with an entity called Highland Capital Management Fund Advisors, L.P.; is that correct? A. Yes.	Page 306	2 3 4 5 6 7 8 9	major- — withdrawn. Do you directly or indirectly own a majority of the ownership interests in HCMFA? A. I believe so. Q. Okay. And do you control HCMFA? A. Yes. Q. And do you know when HCMFA was created?	Page 307
2 3 4 5 6 7 8 9	form of the question. A. I don't want to comment off the top of my head, but I've highlighted that we will discuss it around the note issue. Q. Okay. You are familiar with an entity called Highland Capital Management Fund Advisors, L.P.; is that correct? A. Yes. Q. And we're going to refer to that	Page 306	2 3 4 5 6 7 8 9 10	major- — withdrawn. Do you directly or indirectly own a majority of the ownership interests in HCMFA? A. I believe so. Q. Okay. And do you control HCMFA? A. Yes. Q. And do you know when HCMFA was created? A. No, I do not.	Page 307
2 3 4 5 6 7 8 9 10 11	form of the question. A. I don't want to comment off the top of my head, but I've highlighted that we will discuss it around the note issue. Q. Okay. You are familiar with an entity called Highland Capital Management Fund Advisors, L.P.; is that correct? A. Yes. Q. And we're going to refer to that entity as HCMFA. Is that okay?	Page 306	2 3 4 5 6 7 8 9 10	major- — withdrawn. Do you directly or indirectly own a majority of the ownership interests in HCMFA? A. I believe so. Q. Okay. And do you control HCMFA? A. Yes. Q. And do you know when HCMFA was created? A. No, I do not. Q. Do you know if it was before or	Page 307
2 3 4 5 6 7 8 9 10 11 12	form of the question. A. I don't want to comment off the top of my head, but I've highlighted that we will discuss it around the note issue. Q. Okay. You are familiar with an entity called Highland Capital Management Fund Advisors, L.P.; is that correct? A. Yes. Q. And we're going to refer to that entity as HCMFA. Is that okay? A. Yes.	Page 306	2 3 4 5 6 7 8 9 10 11 12	major- — withdrawn. Do you directly or indirectly own a majority of the ownership interests in HCMFA? A. I believe so. Q. Okay. And do you control HCMFA? A. Yes. Q. And do you know when HCMFA was created? A. No, I do not. Q. Do you know if it was before or after 2010?	Page 307
2 3 4 5 6 7 8 9 10 11 12 13	form of the question. A. I don't want to comment off the top of my head, but I've highlighted that we will discuss it around the note issue. Q. Okay. You are familiar with an entity called Highland Capital Management Fund Advisors, L.P.; is that correct? A. Yes. Q. And we're going to refer to that entity as HCMFA. Is that okay? A. Yes. Q. Do you know who owns HCMFA?	Page 306	2 3 4 5 6 7 8 9 10 11 12 13	major- — withdrawn. Do you directly or indirectly own a majority of the ownership interests in HCMFA? A. I believe so. Q. Okay. And do you control HCMFA? A. Yes. Q. And do you know when HCMFA was created? A. No, I do not. Q. Do you know if it was before or after 2010? A. I don't know.	Page 307
2 3 4 5 6 7 8 9 10 11 12 13 14	form of the question. A. I don't want to comment off the top of my head, but I've highlighted that we will discuss it around the note issue. Q. Okay. You are familiar with an entity called Highland Capital Management Fund Advisors, L.P.; is that correct? A. Yes. Q. And we're going to refer to that entity as HCMFA. Is that okay? A. Yes. Q. Do you know who owns HCMFA? A. I believe it is myself and	Page 306	2 3 4 5 6 7 8 9 10 11 12 13 14	major- — withdrawn. Do you directly or indirectly own a majority of the ownership interests in HCMFA? A. I believe so. Q. Okay. And do you control HCMFA? A. Yes. Q. And do you know when HCMFA was created? A. No, I do not. Q. Do you know if it was before or after 2010? A. I don't know. Q. Have you controlled HCMFA since the	Page 307
2 3 4 5 6 7 8 9 10 11 12 13 14 15	form of the question. A. I don't want to comment off the top of my head, but I've highlighted that we will discuss it around the note issue. Q. Okay. You are familiar with an entity called Highland Capital Management Fund Advisors, L.P.; is that correct? A. Yes. Q. And we're going to refer to that entity as HCMFA. Is that okay? A. Yes. Q. Do you know who owns HCMFA? A. I believe it is myself and Mark Okada.	Page 306	2 3 4 5 6 7 8 9 10 11 12 13 14 15	major- — withdrawn. Do you directly or indirectly own a majority of the ownership interests in HCMFA? A. I believe so. Q. Okay. And do you control HCMFA? A. Yes. Q. And do you know when HCMFA was created? A. No, I do not. Q. Do you know if it was before or after 2010? A. I don't know. Q. Have you controlled HCMFA since the time it was created?	Page 307
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	form of the question. A. I don't want to comment off the top of my head, but I've highlighted that we will discuss it around the note issue. Q. Okay. You are familiar with an entity called Highland Capital Management Fund Advisors, L.P.; is that correct? A. Yes. Q. And we're going to refer to that entity as HCMFA. Is that okay? A. Yes. Q. Do you know who owns HCMFA? A. I believe it is myself and Mark Okada. Q. Okay. And do you have an	Page 306	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	major- — withdrawn. Do you directly or indirectly own a majority of the ownership interests in HCMFA? A. I believe so. Q. Okay. And do you control HCMFA? A. Yes. Q. And do you know when HCMFA was created? A. No, I do not. Q. Do you know if it was before or after 2010? A. I don't know. Q. Have you controlled HCMFA since the time it was created? A. I believe so, but I don't know for	Page 307
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	form of the question. A. I don't want to comment off the top of my head, but I've highlighted that we will discuss it around the note issue. Q. Okay. You are familiar with an entity called Highland Capital Management Fund Advisors, L.P.; is that correct? A. Yes. Q. And we're going to refer to that entity as HCMFA. Is that okay? A. Yes. Q. Do you know who owns HCMFA? A. I believe it is myself and Mark Okada. Q. Okay. And do you have an understanding as to – as to the percentage of	Page 30b	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	major- — withdrawn. Do you directly or indirectly own a majority of the ownership interests in HCMFA? A. I believe so. Q. Okay. And do you control HCMFA? A. Yes. Q. And do you know when HCMFA was created? A. No, I do not. Q. Do you know if it was before or after 2010? A. I don't know. Q. Have you controlled HCMFA since the time it was created? A. I believe so, but I don't know for sure.	Page 307
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	form of the question. A. I don't want to comment off the top of my head, but I've highlighted that we will discuss it around the note issue. Q. Okay. You are familiar with an entity called Highland Capital Management Fund Advisors, L.P.; is that correct? A. Yes. Q. And we're going to refer to that entity as HCMFA. Is that okay? A. Yes. Q. Do you know who owns HCMFA? A. I believe it is myself and Mark Okada. Q. Okay. And do you have an understanding as to — as to the percentage of each of your interests, ownership interests in	Page 30b	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	major- — withdrawn. Do you directly or indirectly own a majority of the ownership interests in HCMFA? A. I believe so. Q. Okay. And do you control HCMFA? A. Yes. Q. And do you know when HCMFA was created? A. No, I do not. Q. Do you know if it was before or after 2010? A. I don't know. Q. Have you controlled HCMFA since the time it was created? A. I believe so, but I don't know for sure. Q. Can you think of any period of time	Page 307
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	form of the question. A. I don't want to comment off the top of my head, but I've highlighted that we will discuss it around the note issue. Q. Okay. You are familiar with an entity called Highland Capital Management Fund Advisors, L.P.; is that correct? A. Yes. Q. And we're going to refer to that entity as HCMFA. Is that okay? A. Yes. Q. Do you know who owns HCMFA? A. I believe it is myself and Mark Okada. Q. Okay. And do you have an understanding as to – as to the percentage of each of your interests, ownership interests in HCMFA?	Page 30b	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	major- — withdrawn. Do you directly or indirectly own a majority of the ownership interests in HCMFA? A. I believe so. Q. Okay. And do you control HCMFA? A. Yes. Q. And do you know when HCMFA was created? A. No, I do not. Q. Do you know if it was before or after 2010? A. I don't know. Q. Have you controlled HCMFA since the time it was created? A. I believe so, but I don't know for sure. Q. Can you think of any period of time when you didn't control HCMFA?	Page 307
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	form of the question. A. I don't want to comment off the top of my head, but I've highlighted that we will discuss it around the note issue. Q. Okay. You are familiar with an entity called Highland Capital Management Fund Advisors, L.P.; is that correct? A. Yes. Q. And we're going to refer to that entity as HCMFA. Is that okay? A. Yes. Q. Do you know who owns HCMFA? A. I believe it is myself and Mark Okada. Q. Okay. And do you have an understanding as to — as to the percentage of each of your interests, ownership interests in HCMFA? A. No, and I don't know the entities.	Page 30b	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	major- — withdrawn. Do you directly or indirectly own a majority of the ownership interests in HCMFA? A. I believe so. Q. Okay. And do you control HCMFA? A. Yes. Q. And do you know when HCMFA was created? A. No, I do not. Q. Do you know if it was before or after 2010? A. I don't know. Q. Have you controlled HCMFA since the time it was created? A. I believe so, but I don't know for sure. Q. Can you think of any period of time when you didn't control HCMFA? A. I don't know. I don't remember the	Page 307
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	form of the question. A. I don't want to comment off the top of my head, but I've highlighted that we will discuss it around the note issue. Q. Okay. You are familiar with an entity called Highland Capital Management Fund Advisors, L.P.; is that correct? A. Yes. Q. And we're going to refer to that entity as HCMFA. Is that okay? A. Yes. Q. Do you know who owns HCMFA? A. I believe it is myself and Mark Okada. Q. Okay. And do you have an understanding as to – as to the percentage of each of your interests, ownership interests in HCMFA?	Page 30b	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	major- — withdrawn. Do you directly or indirectly own a majority of the ownership interests in HCMFA? A. I believe so. Q. Okay. And do you control HCMFA? A. Yes. Q. And do you know when HCMFA was created? A. No, I do not. Q. Do you know if it was before or after 2010? A. I don't know. Q. Have you controlled HCMFA since the time it was created? A. I believe so, but I don't know for sure. Q. Can you think of any period of time when you didn't control HCMFA? A. I don't know. I don't remember the ownership structure prior and I don't remember	Page 307
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	form of the question. A. I don't want to comment off the top of my head, but I've highlighted that we will discuss it around the note issue. Q. Okay. You are familiar with an entity called Highland Capital Management Fund Advisors, L.P.; is that correct? A. Yes. Q. And we're going to refer to that entity as HCMFA. Is that okay? A. Yes. Q. Do you know who owns HCMFA? A. I believe it is myself and Mark Okada. Q. Okay. And do you have an understanding as to — as to the percentage of each of your interests, ownership interests in HCMFA? A. No, and I don't know the entities.	Page 30b	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	major- — withdrawn. Do you directly or indirectly own a majority of the ownership interests in HCMFA? A. I believe so. Q. Okay. And do you control HCMFA? A. Yes. Q. And do you know when HCMFA was created? A. No, I do not. Q. Do you know if it was before or after 2010? A. I don't know. Q. Have you controlled HCMFA since the time it was created? A. I believe so, but I don't know for sure. Q. Can you think of any period of time when you didn't control HCMFA? A. I don't know. I don't remember the	Page 307
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	form of the question. A. I don't want to comment off the top of my head, but I've highlighted that we will discuss it around the note issue. Q. Okay. You are familiar with an entity called Highland Capital Management Fund Advisors, L.P.; is that correct? A. Yes. Q. And we're going to refer to that entity as HCMFA. Is that okay? A. Yes. Q. Do you know who owns HCMFA? A. I believe it is myself and Mark Okada. Q. Okay. And do you have an understanding as to — as to the percentage of each of your interests, ownership interests in HCMFA? A. No, and I don't know the entities. I don't know if I own it directly or through	Page 30b	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	major- — withdrawn. Do you directly or indirectly own a majority of the ownership interests in HCMFA? A. I believe so. Q. Okay. And do you control HCMFA? A. Yes. Q. And do you know when HCMFA was created? A. No, I do not. Q. Do you know if it was before or after 2010? A. I don't know. Q. Have you controlled HCMFA since the time it was created? A. I believe so, but I don't know for sure. Q. Can you think of any period of time when you didn't control HCMFA? A. I don't know. I don't remember the ownership structure prior and I don't remember	Page 307
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	form of the question. A. I don't want to comment off the top of my head, but I've highlighted that we will discuss it around the note issue. Q. Okay. You are familiar with an entity called Highland Capital Management Fund Advisors, L.P.; is that correct? A. Yes. Q. And we're going to refer to that entity as HCMFA. Is that okay? A. Yes. Q. Do you know who owns HCMFA? A. I believe it is myself and Mark Okada. Q. Okay. And do you have an understanding as to – as to the percentage of each of your interests, ownership interests in HCMFA? A. No, and I don't know the entities. I don't know if I own it directly or through Dugaboy. And I do believe Okada tends to use	Page 30b	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	major- — withdrawn. Do you directly or indirectly own a majority of the ownership interests in HCMFA? A. I believe so. Q. Okay. And do you control HCMFA? A. Yes. Q. And do you know when HCMFA was created? A. No, I do not. Q. Do you know if it was before or after 2010? A. I don't know. Q. Have you controlled HCMFA since the time it was created? A. I believe so, but I don't know for sure. Q. Can you think of any period of time when you didn't control HCMFA? A. I don't know. I don't remember the ownership structure prior and I don't remember when it started, so I don't know.	Page 307
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	form of the question. A. I don't want to comment off the top of my head, but I've highlighted that we will discuss it around the note issue. Q. Okay. You are familiar with an entity called Highland Capital Management Fund Advisors, L.P.; is that correct? A. Yes. Q. And we're going to refer to that entity as HCMFA. Is that okay? A. Yes. Q. Do you know who owns HCMFA? A. I believe it is myself and Mark Okada. Q. Okay. And do you have an understanding as to — as to the percentage of each of your interests, ownership interests in HCMFA? A. No, and I don't know the entities. I don't know if I own it directly or through Dugaboy. And I do believe Okada tends to use his trusts, but I don't know the percentages	Page 306	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	major- — withdrawn. Do you directly or indirectly own a majority of the ownership interests in HCMFA? A. I believe so. Q. Okay. And do you control HCMFA? A. Yes. Q. And do you know when HCMFA was created? A. No, I do not. Q. Do you know if it was before or after 2010? A. I don't know. Q. Have you controlled HCMFA since the time it was created? A. I believe so, but I don't know for sure. Q. Can you think of any period of time when you didn't control HCMFA? A. I don't know. I don't remember the ownership structure prior and I don't remember when it started, so I don't know. Q. Okay. I'm asking about control and	Page 307

Page 308	Page 309
2 when you did not control HCMFA?	2 have at HCMFA today?
3 A. I don't know.	3 A. I know I'm the portfolio manager on
4 Q. Okay. Can you tell me what the	4 a bunch of the funds, one of usually two or
5 nature of HCMFA's business is?	5 three portfolio managers, and I believe I'm the
6 A. It largely housed our mutual funds.	6 president, but I don't know beyond that.
7 Q. What does it mean to house mutual	7 Q. Okay. Did Frank Waterhouse serve as
8 funds?	8 treasurer of HCMFA at any point in time?
9 A. It managed – it managed the mutual	9 A. Idon't know. I don't know. I
10 funds from a portfolio asset side and captured	10 just – I don't know. I don't remember.
las a la l	11 MR. MORRIS: Can I ask my – my
l	9 1 1
	•
14 Highland was the sub advisor or vice versa, but	14 refresh your recollection.
15 in general, a good portion, or most of the	15 MS. DEITSCH-PEREZ: Is that in the
16 portfolio team that managed the mutual funds	16 book that you sent over?
17 was employed at HCMFA.	17 MR. MORRIS: No. She will post it
18 Q. Do you have a title with HCMFA	and she will put it in the chat room.
19 today?	19 Q. Are you able to see that,
20 A. I don't know.	20 Mr. Dondero?
21 Q. Do you know who the president of	21 A. Yes.
22 HCMFA is?	22 Q. Can you see that this is an
23 A. I would believe – I would – I	23 incumbency certificate?
24 would think I am, but I don't know.	24 A. Yes.
25 Q. Do you know of any title that you	25 Q. Do you know what an incumbency
Page 310	Page 31
1 DONDERO - 10/29/21	1 DONDERO - 10/29/21
1 DONDERO - 10/29/21 2 certificate is?	DONDERO - 10/29/21 Q. Did you, in your capacity as the
1 DONDERO - 10/29/21 2 certificate is? 3 A. I'm reading it here for a second. I	DONDERO - 10/29/21 Q. Did you, in your capacity as the person who was in control of HCMFA, appoint
1 DONDERO - 10/29/21 2 certificate is? 3 A. I'm reading it here for a second. I 4 guess it is an officer statement or signature	DONDERO - 10/29/21 Q. Did you, in your capacity as the person who was in control of HCMFA, appoint Mr. Waterhouse as the treasurer of that entity?
1 DONDERO - 10/29/21 2 certificate is? 3 A. I'm reading it here for a second. I 4 guess it is an officer statement or signature 5 authority, or some combination thereof.	DONDERO - 10/29/21 Q. Did you, in your capacity as the person who was in control of HCMFA, appoint Mr. Waterhouse as the treasurer of that entity? MS. DEITSCH-PEREZ: Object to the
1 DONDERO - 10/29/21 2 certificate is? 3 A. I'm reading it here for a second. I 4 guess it is an officer statement or signature 5 authority, or some combination thereof. 6 Q. Is that your signature at the bottom	DONDERO - 10/29/21 Q. Did you, in your capacity as the person who was in control of HCMFA, appoint Mr. Waterhouse as the treasurer of that entity? MS. DEITSCH-PEREZ: Object to the form.
1 DONDERO - 10/29/21 2 certificate is? 3 A. I'm reading it here for a second. I 4 guess it is an officer statement or signature 5 authority, or some combination thereof. 6 Q. Is that your signature at the bottom 7 of this document?	DONDERO - 10/29/21 Q. Did you, in your capacity as the person who was in control of HCMFA, appoint Mr. Waterhouse as the treasurer of that entity? MS. DEITSCH-PEREZ: Object to the form. A. It appears to me that that's what
1 DONDERO - 10/29/21 2 certificate is? 3 A. I'm reading it here for a second. I 4 guess it is an officer statement or signature 5 authority, or some combination thereof. 6 Q. Is that your signature at the bottom	DONDERO - 10/29/21 Q. Did you, in your capacity as the person who was in control of HCMFA, appoint Mr. Waterhouse as the treasurer of that entity? MS. DEITSCH-PEREZ: Object to the form. A. It appears to me that that's what this incumbency certificate does, but
1 DONDERO - 10/29/21 2 certificate is? 3 A. I'm reading it here for a second. I 4 guess it is an officer statement or signature 5 authority, or some combination thereof. 6 Q. Is that your signature at the bottom 7 of this document? 8 A. Yes. 9 Q. And do you see that this is an	DONDERO - 10/29/21 Q. Did you, in your capacity as the person who was in control of HCMFA, appoint Mr. Waterhouse as the treasurer of that entity? MS. DEITSCH-PEREZ: Object to the form. A. It appears to me that that's what
1 DONDERO - 10/29/21 2 certificate is? 3 A. I'm reading it here for a second. I 4 guess it is an officer statement or signature 5 authority, or some combination thereof. 6 Q. Is that your signature at the bottom 7 of this document? 8 A. Yes. 9 Q. And do you see that this is an 10 incumbency certificate for HCMFA that you	DONDERO - 10/29/21 Q. Did you, in your capacity as the person who was in control of HCMFA, appoint Mr. Waterhouse as the treasurer of that entity? MS. DEITSCH-PEREZ: Object to the form. A. It appears to me that that's what this incumbency certificate does, but Q. Is it fair to say that you knew for at least a few years prior to the petition date
1 DONDERO - 10/29/21 2 certificate is? 3 A. I'm reading it here for a second. I 4 guess it is an officer statement or signature 5 authority, or some combination thereof. 6 Q. Is that your signature at the bottom 7 of this document? 8 A. Yes. 9 Q. And do you see that this is an 10 incumbency certificate for HCMFA that you 11 signed effective as of April 11th, 2019?	DONDERO - 10/29/21 Q. Did you, in your capacity as the person who was in control of HCMFA, appoint Mr. Waterhouse as the treasurer of that entity? MS. DEITSCH-PEREZ: Object to the form. A. It appears to me that that's what this incumbency certificate does, but Q. Is it fair to say that you knew for at least a few years prior to the petition date that Mr. Waterhouse was simultaneously serving
1 DONDERO - 10/29/21 2 certificate is? 3 A. I'm reading it here for a second. I 4 guess it is an officer statement or signature 5 authority, or some combination thereof. 6 Q. Is that your signature at the bottom 7 of this document? 8 A. Yes. 9 Q. And do you see that this is an 10 incumbency certificate for HCMFA that you 11 signed effective as of April 11th, 2019? 12 A. Yes.	DONDERO - 10/29/21 Q. Did you, in your capacity as the person who was in control of HCMFA, appoint Mr. Waterhouse as the treasurer of that entity? MS. DEITSCH-PEREZ: Object to the form. A. It appears to me that that's what this incumbency certificate does, but Q. Is it fair to say that you knew for at least a few years prior to the petition date that Mr. Waterhouse was simultaneously serving as Highland's CFO and HCMFA's treasurer?
1 DONDERO - 10/29/21 2 certificate is? 3 A. I'm reading it here for a second. I 4 guess it is an officer statement or signature 5 authority, or some combination thereof. 6 Q. Is that your signature at the bottom 7 of this document? 8 A. Yes. 9 Q. And do you see that this is an 10 incumbency certificate for HCMFA that you 11 signed effective as of April 11th, 2019?	DONDERO - 10/29/21 Q. Did you, in your capacity as the person who was in control of HCMFA, appoint Mr. Waterhouse as the treasurer of that entity? MS. DEITSCH-PEREZ: Object to the form. A. It appears to me that that's what this incumbency certificate does, but Q. Is it fair to say that you knew for at least a few years prior to the petition date that Mr. Waterhouse was simultaneously serving
1 DONDERO - 10/29/21 2 certificate is? 3 A. I'm reading it here for a second. I 4 guess it is an officer statement or signature 5 authority, or some combination thereof. 6 Q. Is that your signature at the bottom 7 of this document? 8 A. Yes. 9 Q. And do you see that this is an 10 incumbency certificate for HCMFA that you 11 signed effective as of April 11th, 2019? 12 A. Yes.	DONDERO - 10/29/21 Q. Did you, in your capacity as the person who was in control of HCMFA, appoint Mr. Waterhouse as the treasurer of that entity? MS. DEITSCH-PEREZ: Object to the form. A. It appears to me that that's what this incumbency certificate does, but Q. Is it fair to say that you knew for at least a few years prior to the petition date that Mr. Waterhouse was simultaneously serving as Highland's CFO and HCMFA's treasurer? A. No. I mean, like I said, I don't remember, and a lot of the officers had
1 DONDERO - 10/29/21 2 certificate is? 3 A. I'm reading it here for a second. I 4 guess it is an officer statement or signature 5 authority, or some combination thereof. 6 Q. Is that your signature at the bottom 7 of this document? 8 A. Yes. 9 Q. And do you see that this is an 10 incumbency certificate for HCMFA that you 11 signed effective as of April 11th, 2019? 12 A. Yes. 13 Q. Do you see that Frank Waterhouse is	DONDERO - 10/29/21 Q. Did you, in your capacity as the person who was in control of HCMFA, appoint Mr. Waterhouse as the treasurer of that entity? MS. DEITSCH-PEREZ: Object to the form. A. It appears to me that that's what this incumbency certificate does, but Q. Is it fair to say that you knew for at least a few years prior to the petition date that Mr. Waterhouse was simultaneously serving as Highland's CFO and HCMFA's treasurer? A. No. I mean, like I said, I don't
1 DONDERO - 10/29/21 2 certificate is? 3 A. I'm reading it here for a second. I 4 guess it is an officer statement or signature 5 authority, or some combination thereof. 6 Q. Is that your signature at the bottom 7 of this document? 8 A. Yes. 9 Q. And do you see that this is an 10 incumbency certificate for HCMFA that you 11 signed effective as of April 11th, 2019? 12 A. Yes. 13 Q. Do you see that Frank Waterhouse is 14 identified as the treasurer of HCMFA as of that	DONDERO - 10/29/21 Q. Did you, in your capacity as the person who was in control of HCMFA, appoint Mr. Waterhouse as the treasurer of that entity? MS. DEITSCH-PEREZ: Object to the form. A. It appears to me that that's what this incumbency certificate does, but Q. Is it fair to say that you knew for at least a few years prior to the petition date that Mr. Waterhouse was simultaneously serving as Highland's CFO and HCMFA's treasurer? A. No. I mean, like I said, I don't remember, and a lot of the officers had
DONDERO - 10/29/21 certificate is? A. I'm reading it here for a second. I guess it is an officer statement or signature authority, or some combination thereof. Q. Is that your signature at the bottom of this document? A. Yes. Q. And do you see that this is an incumbency certificate for HCMFA that you signed effective as of April 11th, 2019? A. Yes. Q. Do you see that Frank Waterhouse is identified as the treasurer of HCMFA as of that date?	DONDERO - 10/29/21 Q. Did you, in your capacity as the person who was in control of HCMFA, appoint Mr. Waterhouse as the treasurer of that entity? MS. DEITSCH-PEREZ: Object to the form. A. It appears to me that that's what this incumbency certificate does, but Q. Is it fair to say that you knew for at least a few years prior to the petition date that Mr. Waterhouse was simultaneously serving as Highland's CFO and HCMFA's treasurer? A. No. I mean, like I said, I don't remember, and a lot of the officers had multiple roles and multiple entities. I mean,
DONDERO - 10/29/21 certificate is? A. I'm reading it here for a second. I guess it is an officer statement or signature authority, or some combination thereof. Q. Is that your signature at the bottom of this document? A. Yes. Q. And do you see that this is an incumbency certificate for HCMFA that you signed effective as of April 11th, 2019? A. Yes. Q. Do you see that Frank Waterhouse is dentified as the treasurer of HCMFA as of that date? A. Yes.	DONDERO - 10/29/21 Q. Did you, in your capacity as the person who was in control of HCMFA, appoint Mr. Waterhouse as the treasurer of that entity? MS. DEITSCH-PEREZ: Object to the form. A. It appears to me that that's what this incumbency certificate does, but Q. Is it fair to say that you knew for at least a few years prior to the petition date that Mr. Waterhouse was simultaneously serving as Highland's CFO and HCMFA's treasurer? A. No. I mean, like I said, I don't remember, and a lot of the officers had multiple roles and multiple entities. I mean, it is not surprising, but I didn't have any
1 DONDERO - 10/29/21 2 certificate is? 3 A. I'm reading it here for a second. I 4 guess it is an officer statement or signature 5 authority, or some combination thereof. 6 Q. Is that your signature at the bottom 7 of this document? 8 A. Yes. 9 Q. And do you see that this is an 10 incumbency certificate for HCMFA that you 11 signed effective as of April 11th, 2019? 12 A. Yes. 13 Q. Do you see that Frank Waterhouse is 14 identified as the treasurer of HCMFA as of that 15 date? 16 A. Yes. 17 Q. Does that refresh your recollection	DONDERO - 10/29/21 Q. Did you, in your capacity as the person who was in control of HCMFA, appoint Mr. Waterhouse as the treasurer of that entity? MS. DEITSCH-PEREZ: Object to the form. A. It appears to me that that's what this incumbency certificate does, but Q. Is it fair to say that you knew for at least a few years prior to the petition date that Mr. Waterhouse was simultaneously serving as Highland's CFO and HCMFA's treasurer? A. No. I mean, like I said, I don't remember, and a lot of the officers had multiple roles and multiple entities. I mean, it is not surprising, but I didn't have any recollection.
DONDERO - 10/29/21 certificate is? A. I'm reading it here for a second. I guess it is an officer statement or signature authority, or some combination thereof. Q. Is that your signature at the bottom of this document? A. Yes. Q. And do you see that this is an incumbency certificate for HCMFA that you signed effective as of April 11th, 2019? A. Yes. Q. Do you see that Frank Waterhouse is identified as the treasurer of HCMFA as of that date? A. Yes. Q. Does that refresh your recollection that Mr. Waterhouse served as the treasurer of	DONDERO - 10/29/21 Q. Did you, in your capacity as the person who was in control of HCMFA, appoint Mr. Waterhouse as the treasurer of that entity? MS. DEITSCH-PEREZ: Object to the form. A. It appears to me that that's what this incumbency certificate does, but Q. Is it fair to say that you knew for at least a few years prior to the petition date that Mr. Waterhouse was simultaneously serving as Highland's CFO and HCMFA's treasurer? A. No. I mean, like I said, I don't remember, and a lot of the officers had multiple roles and multiple entities. I mean, it is not surprising, but I didn't have any recollection. Q. Are you aware that Mr. Waterhouse
DONDERO - 10/29/21 certificate is? A. I'm reading it here for a second. I guess it is an officer statement or signature authority, or some combination thereof. Q. Is that your signature at the bottom of this document? A. Yes. Q. And do you see that this is an incumbency certificate for HCMFA that you signed effective as of April 11th, 2019? A. Yes. Q. Do you see that Frank Waterhouse is identified as the treasurer of HCMFA as of that date? A. Yes. Q. Does that refresh your recollection that Mr. Waterhouse served as the treasurer of HCMFA?	DONDERO - 10/29/21 Q. Did you, in your capacity as the person who was in control of HCMFA, appoint Mr. Waterhouse as the treasurer of that entity? MS. DEITSCH-PEREZ: Object to the form. A. It appears to me that that's what this incumbency certificate does, but Q. Is it fair to say that you knew for at least a few years prior to the petition date that Mr. Waterhouse was simultaneously serving as Highland's CFO and HCMFA's treasurer? A. No. I mean, like I said, I don't remember, and a lot of the officers had multiple roles and multiple entities. I mean, it is not surprising, but I didn't have any recollection. Q. Are you aware that Mr. Waterhouse served in any capacity in the Highland universe
DONDERO - 10/29/21 certificate is? A. I'm reading it here for a second. I guess it is an officer statement or signature authority, or some combination thereof. Q. Is that your signature at the bottom of this document? A. Yes. Q. And do you see that this is an incumbency certificate for HCMFA that you signed effective as of April 11th, 2019? A. Yes. Q. Do you see that Frank Waterhouse is identified as the treasurer of HCMFA as of that date? A. Yes. Q. Does that refresh your recollection that Mr. Waterhouse served as the treasurer of HCMFA? A. It seems to be an authoritative	DONDERO - 10/29/21 Q. Did you, in your capacity as the person who was in control of HCMFA, appoint Mr. Waterhouse as the treasurer of that entity? MS. DEITSCH-PEREZ: Object to the form. A. It appears to me that that's what this incumbency certificate does, but Q. Is it fair to say that you knew for at least a few years prior to the petition date that Mr. Waterhouse was simultaneously serving as Highland's CFO and HCMFA's treasurer? A. No. I mean, like I said, I don't remember, and a lot of the officers had multiple roles and multiple entities. I mean, it is not surprising, but I didn't have any recollection. Q. Are you aware that Mr. Waterhouse served in any capacity in the Highland universe of companies other than as CFO of Highland
DONDERO - 10/29/21 certificate is? A. I'm reading it here for a second. I guess it is an officer statement or signature authority, or some combination thereof. Q. Is that your signature at the bottom of this document? A. Yes. Q. And do you see that this is an incumbency certificate for HCMFA that you signed effective as of April 11th, 2019? A. Yes. Q. Do you see that Frank Waterhouse is identified as the treasurer of HCMFA as of that date? A. Yes. Q. Does that refresh your recollection that Mr. Waterhouse served as the treasurer of HCMFA? A. It seems to be an authoritative document, but I didn't have a recollection.	DONDERO - 10/29/21 Q. Did you, in your capacity as the person who was in control of HCMFA, appoint Mr. Waterhouse as the treasurer of that entity? MS. DEITSCH-PEREZ: Object to the form. A. It appears to me that that's what this incumbency certificate does, but Q. Is it fair to say that you knew for at least a few years prior to the petition date that Mr. Waterhouse was simultaneously serving as Highland's CFO and HCMFA's treasurer? A. No. I mean, like I said, I don't remember, and a lot of the officers had multiple roles and multiple entities. I mean, it is not surprising, but I didn't have any recollection. Q. Are you aware that Mr. Waterhouse served in any capacity in the Highland universe of companies other than as CFO of Highland Capital Management, L.P.?
1 DONDERO - 10/29/21 2 certificate is? 3 A. I'm reading it here for a second. I 4 guess it is an officer statement or signature 5 authority, or some combination thereof. 6 Q. Is that your signature at the bottom 7 of this document? 8 A. Yes. 9 Q. And do you see that this is an 10 incumbency certificate for HCMFA that you 11 signed effective as of April 11th, 2019? 12 A. Yes. 13 Q. Do you see that Frank Waterhouse is 14 identified as the treasurer of HCMFA as of that 15 date? 16 A. Yes. 17 Q. Does that refresh your recollection 18 that Mr. Waterhouse served as the treasurer of 19 HCMFA? 20 A. It seems to be an authoritative 21 document, but I didn't have a recollection. 22 Q. Do you know of anybody else who has	DONDERO - 10/29/21 Q. Did you, in your capacity as the person who was in control of HCMFA, appoint Mr. Waterhouse as the treasurer of that entity? MS. DEITSCH-PEREZ: Object to the form. A. It appears to me that that's what this incumbency certificate does, but Q. Is it fair to say that you knew for at least a few years prior to the petition date that Mr. Waterhouse was simultaneously serving as Highland's CFO and HCMFA's treasurer? A. No. I mean, like I said, I don't remember, and a lot of the officers had multiple roles and multiple entities. I mean, it is not surprising, but I didn't have any recollection. Q. Are you aware that Mr. Waterhouse served in any capacity in the Highland universe of companies other than as CFO of Highland Capital Management, L.P.? A. I would – I would assume he would
1 DONDERO - 10/29/21 2 certificate is? 3 A. I'm reading it here for a second. I 4 guess it is an officer statement or signature 5 authority, or some combination thereof. 6 Q. Is that your signature at the bottom 7 of this document? 8 A. Yes. 9 Q. And do you see that this is an 10 incumbency certificate for HCMFA that you 11 signed effective as of April 11th, 2019? 12 A. Yes. 13 Q. Do you see that Frank Waterhouse is 14 identified as the treasurer of HCMFA as of that 15 date? 16 A. Yes. 17 Q. Does that refresh your recollection 18 that Mr. Waterhouse served as the treasurer of 19 HCMFA? 20 A. It seems to be an authoritative 21 document, but I didn't have a recollection. 22 Q. Do you know of anybody else who has 23 ever served as the treasurer of HCMFA other	DONDERO - 10/29/21 Q. Did you, in your capacity as the person who was in control of HCMFA, appoint Mr. Waterhouse as the treasurer of that entity? MS. DEITSCH-PEREZ: Object to the form. A. It appears to me that that's what this incumbency certificate does, but Q. Is it fair to say that you knew for at least a few years prior to the petition date that Mr. Waterhouse was simultaneously serving as Highland's CFO and HCMFA's treasurer? A. No. I mean, like I said, I don't remember, and a lot of the officers had multiple roles and multiple entities. I mean, it is not surprising, but I didn't have any recollection. Q. Are you aware that Mr. Waterhouse served in any capacity in the Highland universe of companies other than as CFO of Highland Capital Management, L.P.? A. I would – I would assume he would have a position like this in multiple other

Page 312		Page 313
1 DONDERO - 10/29/21	1 DONDERO - 10/29/21	
2 Q. Is it fair to say, though, that he	2 is that right?	
3 wouldn't have obtained any of those titles	3 A. That is correct.	
4 without your knowledge and approval?	4 Q. And you can't identify any title	
5 A. It is – it is fair to say he was –	5 that Mr. Waterhouse held during the time that	
6 he had – the lawyers or whoever worked on	6 you served as Highland's president other than	
7 general corporate structuring, Frank was a	7 CFO of Highland. Do I have that right?	
8 senior officer in good standing, so they would	8 A. No, I don't think that is fair.	
9 have used him as appropriate in different	9 Q. Okay.	
10 things.	10 A. I mean – I mean, he was CFO, but he	
11 So to that extent, I guess I approve	11 was other things before he was CFO. And as we	
12 it, but I sign hundreds of things like this.	12 were just saying, he's - he's treasurer on	
13 Would – you know, would I have been	13 this incumbency certificate, but I think he	
14 specifically aware or remember – remember it	14 might have been on other incumbency	
15 is a very low likelihood.	15 certificates, so I think your – your summary	
16 Q. Is there any position that	16 was too narrow.	
17 Mr. Waterhouse has ever held that you learned	17 Q. Okay. Can you identify any position	
18 about and you objected to on the grounds that	18 that Mr. Waterhouse held at the same time that	
19 you hadn't approved it?	19 he is CFO of Highland other than treasurer of	
20 A. No, not that I recall.	20 HCMFA as reflected on this document?	
21 Q. Okay. Do you know if Mr. Waterhouse	21 A. I can't recall, but I imagine there	
22 held any positions with any of the retail	22 to be others.	
23 funds?	Q. And to the extent there are others,	
24 A. I don't know.	24 is it fair to say that you knew at the time	
25 Q. He may have, you just don't recall;	25 that Mr. Waterhouse was serving in more than	
Dogo 244		Page 315
Page 314	1 DONDERO - 10/29/21	r age o to
1 DONDERO - 10/29/21	1 DONDERO - 10/29/21 2 changes With the formation of Skyview I	r age o to
1 DONDERO - 10/29/21 2 one role?	2 changes. With the formation of Skyview, I	r age 010
1 DONDERO - 10/29/21 2 one role? 3 A. Yes.	2 changes. With the formation of Skyview, I3 don't know if there was changes. I'm not	r age or o
1 DONDERO - 10/29/21 2 one role? 3 A. Yes. 4 Q. Okay. And in his capacity as CFO of	2 changes. With the formation of Skyview, I3 don't know if there was changes. I'm not4 aware.	1 age 010
1 DONDERO - 10/29/21 2 one role? 3 A. Yes. 4 Q. Okay. And in his capacity as CFO of 5 Highland, did he report directly to you?	 changes. With the formation of Skyview, I don't know if there was changes. I'm not aware. Q. Have you considered firing 	1 age 010
1 DONDERO - 10/29/21 2 one role? 3 A. Yes. 4 Q. Okay. And in his capacity as CFO of 5 Highland, did he report directly to you? 6 A. Yes.	 changes. With the formation of Skyview, I don't know if there was changes. I'm not aware. Q. Have you considered firing Mr. Waterhouse from any of the positions that 	Tage 010
 DONDERO - 10/29/21 one role? A. Yes. Q. Okay. And in his capacity as CFO of Highland, did he report directly to you? A. Yes. Q. In his capacity as treasurer of 	 changes. With the formation of Skyview, I don't know if there was changes. I'm not aware. Q. Have you considered firing Mr. Waterhouse from any of the positions that he holds with any of the companies that were 	Tage 010
1 DONDERO - 10/29/21 2 one role? 3 A. Yes. 4 Q. Okay. And in his capacity as CFO of 5 Highland, did he report directly to you? 6 A. Yes. 7 Q. In his capacity as treasurer of 8 HCMFA, did he report directly to you?	 changes. With the formation of Skyview, I don't know if there was changes. I'm not aware. Q. Have you considered firing Mr. Waterhouse from any of the positions that he holds with any of the companies that were formerly affiliated with Highland? 	Tage of o
1 DONDERO - 10/29/21 2 one role? 3 A. Yes. 4 Q. Okay. And in his capacity as CFO of 5 Highland, did he report directly to you? 6 A. Yes. 7 Q. In his capacity as treasurer of 8 HCMFA, did he report directly to you? 9 A. Yeah, it appears that, yes, that is	 changes. With the formation of Skyview, I don't know if there was changes. I'm not aware. Q. Have you considered firing Mr. Waterhouse from any of the positions that he holds with any of the companies that were formerly affiliated with Highland? A. No. 	Tage 010
1 DONDERO - 10/29/21 2 one role? 3 A. Yes. 4 Q. Okay. And in his capacity as CFO of 5 Highland, did he report directly to you? 6 A. Yes. 7 Q. In his capacity as treasurer of 8 HCMFA, did he report directly to you? 9 A. Yeah, it appears that, yes, that is 10 how it was structured.	 changes. With the formation of Skyview, I don't know if there was changes. I'm not aware. Q. Have you considered firing Mr. Waterhouse from any of the positions that he holds with any of the companies that were formerly affiliated with Highland? A. No. Q. As the president of HCMFA – 	Tage of o
 DONDERO - 10/29/21 one role? A. Yes. Q. Okay. And in his capacity as CFO of Highland, did he report directly to you? A. Yes. Q. In his capacity as treasurer of HCMFA, did he report directly to you? A. Yeah, it appears that, yes, that is how it was structured. Q. Can you think of any position that 	 changes. With the formation of Skyview, I don't know if there was changes. I'm not aware. Q. Have you considered firing Mr. Waterhouse from any of the positions that he holds with any of the companies that were formerly affiliated with Highland? A. No. Q. As the president of HCMFA – withdrawn. 	Tage of o
1 DONDERO - 10/29/21 2 one role? 3 A. Yes. 4 Q. Okay. And in his capacity as CFO of 5 Highland, did he report directly to you? 6 A. Yes. 7 Q. In his capacity as treasurer of 8 HCMFA, did he report directly to you? 9 A. Yeah, it appears that, yes, that is 10 how it was structured. 11 Q. Can you think of any position that 12 Mr. Waterhouse ever held in the Highland family	 changes. With the formation of Skyview, I don't know if there was changes. I'm not aware. Q. Have you considered firing Mr. Waterhouse from any of the positions that he holds with any of the companies that were formerly affiliated with Highland? A. No. Q. As the president of HCMFA – withdrawn. As the person who was in control of 	Tage of to
1 DONDERO - 10/29/21 2 one role? 3 A. Yes. 4 Q. Okay. And in his capacity as CFO of 5 Highland, did he report directly to you? 6 A. Yes. 7 Q. In his capacity as treasurer of 8 HCMFA, did he report directly to you? 9 A. Yeah, it appears that, yes, that is 10 how it was structured. 11 Q. Can you think of any position that 12 Mr. Waterhouse ever held in the Highland family 13 of companies where he didn't report directly to	 changes. With the formation of Skyview, I don't know if there was changes. I'm not aware. Q. Have you considered firing Mr. Waterhouse from any of the positions that he holds with any of the companies that were formerly affiliated with Highland? A. No. Q. As the president of HCMFA – withdrawn. As the person who was in control of HCMFA, did you have any responsibility for 	Tage of to
1 DONDERO - 10/29/21 2 one role? 3 A. Yes. 4 Q. Okay. And in his capacity as CFO of 5 Highland, did he report directly to you? 6 A. Yes. 7 Q. In his capacity as treasurer of 8 HCMFA, did he report directly to you? 9 A. Yeah, it appears that, yes, that is 10 how it was structured. 11 Q. Can you think of any position that 12 Mr. Waterhouse ever held in the Highland family 13 of companies where he didn't report directly to 14 you?	 changes. With the formation of Skyview, I don't know if there was changes. I'm not aware. Q. Have you considered firing Mr. Waterhouse from any of the positions that he holds with any of the companies that were formerly affiliated with Highland? A. No. Q. As the president of HCMFA – withdrawn. As the person who was in control of HCMFA, did you have any responsibility for being familiar with HCMFA's debts and 	Tage of o
1 DONDERO - 10/29/21 2 one role? 3 A. Yes. 4 Q. Okay. And in his capacity as CFO of 5 Highland, did he report directly to you? 6 A. Yes. 7 Q. In his capacity as treasurer of 8 HCMFA, did he report directly to you? 9 A. Yeah, it appears that, yes, that is 10 how it was structured. 11 Q. Can you think of any position that 12 Mr. Waterhouse ever held in the Highland family 13 of companies where he didn't report directly to 14 you? 15 A. I can't – I can't think of any.	 changes. With the formation of Skyview, I don't know if there was changes. I'm not aware. Q. Have you considered firing Mr. Waterhouse from any of the positions that he holds with any of the companies that were formerly affiliated with Highland? A. No. Q. As the president of HCMFA – withdrawn. As the person who was in control of HCMFA, did you have any responsibility for being familiar with HCMFA's debts and obligations? 	Tage of o
1 DONDERO - 10/29/21 2 one role? 3 A. Yes. 4 Q. Okay. And in his capacity as CFO of 5 Highland, did he report directly to you? 6 A. Yes. 7 Q. In his capacity as treasurer of 8 HCMFA, did he report directly to you? 9 A. Yeah, it appears that, yes, that is 10 how it was structured. 11 Q. Can you think of any position that 12 Mr. Waterhouse ever held in the Highland family 13 of companies where he didn't report directly to 14 you? 15 A. I can't – I can't think of any. 16 Q. Is Mr. Waterhouse the treasurer of	changes. With the formation of Skyview, I don't know if there was changes. I'm not aware. Q. Have you considered firing Mr. Waterhouse from any of the positions that he holds with any of the companies that were formerly affiliated with Highland? A. No. Q. As the president of HCMFA — withdrawn. As the person who was in control of HCMFA, did you have any responsibility for heing familiar with HCMFA's debts and obligations? MS. DEITSCH-PEREZ: Object to the	Tage of o
1 DONDERO - 10/29/21 2 one role? 3 A. Yes. 4 Q. Okay. And in his capacity as CFO of 5 Highland, did he report directly to you? 6 A. Yes. 7 Q. In his capacity as treasurer of 8 HCMFA, did he report directly to you? 9 A. Yeah, it appears that, yes, that is 10 how it was structured. 11 Q. Can you think of any position that 12 Mr. Waterhouse ever held in the Highland family 13 of companies where he didn't report directly to 14 you? 15 A. I can't – I can't think of any. 16 Q. Is Mr. Waterhouse the treasurer of 17 HCMFA today?	 changes. With the formation of Skyview, I don't know if there was changes. I'm not aware. Q. Have you considered firing Mr. Waterhouse from any of the positions that he holds with any of the companies that were formerly affiliated with Highland? A. No. Q. As the president of HCMFA – withdrawn. As the person who was in control of HCMFA, did you have any responsibility for being familiar with HCMFA's debts and obligations? MS. DEITSCH-PEREZ: Object to the form. 	Tage of to
1 DONDERO - 10/29/21 2 one role? 3 A. Yes. 4 Q. Okay. And in his capacity as CFO of 5 Highland, did he report directly to you? 6 A. Yes. 7 Q. In his capacity as treasurer of 8 HCMFA, did he report directly to you? 9 A. Yeah, it appears that, yes, that is 10 how it was structured. 11 Q. Can you think of any position that 12 Mr. Waterhouse ever held in the Highland family 13 of companies where he didn't report directly to 14 you? 15 A. I can't – I can't think of any. 16 Q. Is Mr. Waterhouse the treasurer of 17 HCMFA today? 18 A. I don't know. I'm not aware of any	 changes. With the formation of Skyview, I don't know if there was changes. I'm not aware. Q. Have you considered firing Mr. Waterhouse from any of the positions that he holds with any of the companies that were formerly affiliated with Highland? A. No. Q. As the president of HCMFA – withdrawn. As the person who was in control of HCMFA, did you have any responsibility for being familiar with HCMFA's debts and obligations? MS. DEITSCH-PEREZ: Object to the form. A. I don't know. 	Tage of o
1 DONDERO - 10/29/21 2 one role? 3 A. Yes. 4 Q. Okay. And in his capacity as CFO of 5 Highland, did he report directly to you? 6 A. Yes. 7 Q. In his capacity as treasurer of 8 HCMFA, did he report directly to you? 9 A. Yeah, it appears that, yes, that is 10 how it was structured. 11 Q. Can you think of any position that 12 Mr. Waterhouse ever held in the Highland family 13 of companies where he didn't report directly to 14 you? 15 A. I can't – I can't think of any. 16 Q. Is Mr. Waterhouse the treasurer of 17 HCMFA today? 18 A. I don't know. I'm not aware of any 19 changes, nor did I orchestrate any changes, but	 changes. With the formation of Skyview, I don't know if there was changes. I'm not aware. Q. Have you considered firing Mr. Waterhouse from any of the positions that he holds with any of the companies that were formerly affiliated with Highland? A. No. Q. As the president of HCMFA – withdrawn. As the person who was in control of HCMFA, did you have any responsibility for being familiar with HCMFA's debts and obligations? MS. DEITSCH-PEREZ: Object to the form. A. I don't know. Q. Did you ever do anything in your 	Tage of to
1 DONDERO - 10/29/21 2 one role? 3 A. Yes. 4 Q. Okay. And in his capacity as CFO of 5 Highland, did he report directly to you? 6 A. Yes. 7 Q. In his capacity as treasurer of 8 HCMFA, did he report directly to you? 9 A. Yeah, it appears that, yes, that is 10 how it was structured. 11 Q. Can you think of any position that 12 Mr. Waterhouse ever held in the Highland family 13 of companies where he didn't report directly to 14 you? 15 A. I can't – I can't think of any. 16 Q. Is Mr. Waterhouse the treasurer of 17 HCMFA today? 18 A. I don't know. I'm not aware of any 19 changes, nor did I orchestrate any changes, but 20 I don't know for sure.	changes. With the formation of Skyview, I don't know if there was changes. I'm not aware. Q. Have you considered firing Mr. Waterhouse from any of the positions that he holds with any of the companies that were formerly affiliated with Highland? A. No. Q. As the president of HCMFA – withdrawn. As the person who was in control of HCMFA, did you have any responsibility for heing familiar with HCMFA's debts and obligations? MS. DEITSCH-PEREZ: Object to the form. A. I don't know. Q. Did you ever do anything in your capacity as the person in control of HCMFA to	Tage of to
1 DONDERO - 10/29/21 2 one role? 3 A. Yes. 4 Q. Okay. And in his capacity as CFO of 5 Highland, did he report directly to you? 6 A. Yes. 7 Q. In his capacity as treasurer of 8 HCMFA, did he report directly to you? 9 A. Yeah, it appears that, yes, that is 10 how it was structured. 11 Q. Can you think of any position that 12 Mr. Waterhouse ever held in the Highland family 13 of companies where he didn't report directly to 14 you? 15 A. I can't – I can't think of any. 16 Q. Is Mr. Waterhouse the treasurer of 17 HCMFA today? 18 A. I don't know. I'm not aware of any 19 changes, nor did I orchestrate any changes, but 20 I don't know for sure. 21 Q. Can you identify any position that	changes. With the formation of Skyview, I don't know if there was changes. I'm not aware. Q. Have you considered firing Mr. Waterhouse from any of the positions that he holds with any of the companies that were formerly affiliated with Highland? A. No. Q. As the president of HCMFA – withdrawn. As the person who was in control of HCMFA, did you have any responsibility for being familiar with HCMFA's debts and obligations? MS. DEITSCH-PEREZ: Object to the form. A. I don't know. Q. Did you ever do anything in your capacity as the person in control of HCMFA to familiarize yourself with HCMFA's debts and	Tage of to
1 DONDERO - 10/29/21 2 one role? 3 A. Yes. 4 Q. Okay. And in his capacity as CFO of 5 Highland, did he report directly to you? 6 A. Yes. 7 Q. In his capacity as treasurer of 8 HCMFA, did he report directly to you? 9 A. Yeah, it appears that, yes, that is 10 how it was structured. 11 Q. Can you think of any position that 12 Mr. Waterhouse ever held in the Highland family 13 of companies where he didn't report directly to 14 you? 15 A. I can't – I can't think of any. 16 Q. Is Mr. Waterhouse the treasurer of 17 HCMFA today? 18 A. I don't know. I'm not aware of any 19 changes, nor did I orchestrate any changes, but 20 I don't know for sure. 21 Q. Can you identify any position that 22 Mr. Waterhouse holds with any former affiliated	changes. With the formation of Skyview, I don't know if there was changes. I'm not aware. Q. Have you considered firing Mr. Waterhouse from any of the positions that he holds with any of the companies that were formerly affiliated with Highland? A. No. Q. As the president of HCMFA — withdrawn. As the person who was in control of HCMFA, did you have any responsibility for being familiar with HCMFA's debts and obligations? MS. DEITSCH-PEREZ: Object to the form. A. I don't know. Q. Did you ever do anything in your capacity as the person in control of HCMFA to familiarize yourself with HCMFA's debts and obligations?	Tage of to
1 DONDERO - 10/29/21 2 one role? 3 A. Yes. 4 Q. Okay. And in his capacity as CFO of 5 Highland, did he report directly to you? 6 A. Yes. 7 Q. In his capacity as treasurer of 8 HCMFA, did he report directly to you? 9 A. Yeah, it appears that, yes, that is 10 how it was structured. 11 Q. Can you think of any position that 12 Mr. Waterhouse ever held in the Highland family 13 of companies where he didn't report directly to 14 you? 15 A. I can't – I can't think of any. 16 Q. Is Mr. Waterhouse the treasurer of 17 HCMFA today? 18 A. I don't know. I'm not aware of any 19 changes, nor did I orchestrate any changes, but 20 I don't know for sure. 21 Q. Can you identify any position that 22 Mr. Waterhouse holds with any former affiliated 23 company of Highland today?	changes. With the formation of Skyview, I don't know if there was changes. I'm not aware. Q. Have you considered firing Mr. Waterhouse from any of the positions that he holds with any of the companies that were formerly affiliated with Highland? A. No. Q. As the president of HCMFA – withdrawn. As the person who was in control of HCMFA, did you have any responsibility for being familiar with HCMFA's debts and obligations? MS. DEITSCH-PEREZ: Object to the form. A. I don't know. Q. Did you ever do anything in your capacity as the person in control of HCMFA to familiarize yourself with HCMFA's debts and obligations? A. Not during – I mean, not prior to	
1 DONDERO - 10/29/21 2 one role? 3 A. Yes. 4 Q. Okay. And in his capacity as CFO of 5 Highland, did he report directly to you? 6 A. Yes. 7 Q. In his capacity as treasurer of 8 HCMFA, did he report directly to you? 9 A. Yeah, it appears that, yes, that is 10 how it was structured. 11 Q. Can you think of any position that 12 Mr. Waterhouse ever held in the Highland family 13 of companies where he didn't report directly to 14 you? 15 A. I can't – I can't think of any. 16 Q. Is Mr. Waterhouse the treasurer of 17 HCMFA today? 18 A. I don't know. I'm not aware of any 19 changes, nor did I orchestrate any changes, but 20 I don't know for sure. 21 Q. Can you identify any position that 22 Mr. Waterhouse holds with any former affiliated	changes. With the formation of Skyview, I don't know if there was changes. I'm not aware. Q. Have you considered firing Mr. Waterhouse from any of the positions that he holds with any of the companies that were formerly affiliated with Highland? A. No. Q. As the president of HCMFA — withdrawn. As the person who was in control of HCMFA, did you have any responsibility for being familiar with HCMFA's debts and obligations? MS. DEITSCH-PEREZ: Object to the form. A. I don't know. Q. Did you ever do anything in your capacity as the person in control of HCMFA to familiarize yourself with HCMFA's debts and obligations?	

	Page 316	Т		Page 317
1	DONDERO - 10/29/21	1	DONDERO - 10/29/21	r age on
2	take any steps to familiarize yourself with	2	Q. How do you define "significance"?	
3	HCMFA's debts and obligations. Do I have that	3	A. Like waiving fees on a mutual fund,	
4	right?	4	purchasing another mutual fund, yeah, things	
5	A. Correct, not specifically.	5	like that.	
6	Q. Okay. Who was responsible for	6	Q. Was there any document or policy	
7	knowing and understanding the scope and extent	7	that you are aware of that specifically	
8	of HCMFA's debts and obligations?	8	identifies the scope of Mr. Waterhouse's	
9	A. That would have fallen on Frank and	9	authority as the treasurer of HCMFA?	
10	his group.	10	A. No.	
11	Q. Okay. Do you have an understanding	11	Q. Is there anything that you are aware	
12	as to who was authorized to incur obligations	12	of that specifically limits Mr. Waterhouse's	
13	on behalf of HCMFA?	13	authority other than what might be in your	
14	A. I mean, beyond beyond due course,	14	head?	
15	I struggle to see why it would be anybody other	15	A. No, I would - I would say what is	
16	than me, but I don't know.	16	in my head is – would be typical industry	
17	Q. Do you know if Mr. Waterhouse was	17	practice. You wouldn't - you wouldn't have	
18	authorized as the treasurer of HCMFA to incur	18	executive vice presidents or ownership defined	
19	obligations on its behalf?	19	if you were going to delegate everything to an	
20	A. He wasn't the senior operating or	20	employee three levels down, you know.	
21	executive positions there. So the answer is	21	MS. DEITSCH-PEREZ: Okay. John,	
22	no, beyond, you know – beyond the normal	22	I've had a request from Davor to take a	
23	course of operating expenses or whatever, but	23	quick restroom break, so -	
24	it would – he would never be the person on	24	MR. MORRIS: You know, I really -	
25	anything of significance.	25	Davor, I'm happy to accommodate, but at	
<u> </u>				
I	Page 318			Page 319
1	Page 318 DONDERO - 10/29/21	1	DONDERO - 10/29/21	Page 319
1 2		1 2	DONDERO - 10/29/21 A. I don't know.	Page 319
ı	DONDERO - 10/29/21			Page 319
2	DONDERO - 10/29/21 some point we have got to be able to get	2	A. I don't know.	Page 319
2	DONDERO - 10/29/21 some point we have got to be able to get more than 10 minutes of testimony in a row. So let's take a short break. MS. DEITSCH-PEREZ: Thank you.	2 3 4 5	A. I don't know. Q. I appreciate that you don't know, but do you have any reason as you sit here today to believe that he failed to fulfill that	Page 319
2 3 4	DONDERO - 10/29/21 some point we have got to be able to get more than 10 minutes of testimony in a row. So let's take a short break.	2 3 4	A. I don't know. Q. I appreciate that you don't know, but do you have any reason as you sit here today to believe that he failed to fulfill that particular responsibility?	Page 319
2 3 4 5	DONDERO - 10/29/21 some point we have got to be able to get more than 10 minutes of testimony in a row. So let's take a short break. MS. DEITSCH-PEREZ: Thank you.	2 3 4 5	A. I don't know. Q. I appreciate that you don't know, but do you have any reason as you sit here today to believe that he failed to fulfill that particular responsibility? A. I don't know.	Page 319
2 3 4 5 6	DONDERO - 10/29/21 some point we have got to be able to get more than 10 minutes of testimony in a row. So let's take a short break. MS. DEITSCH-PEREZ: Thank you. VIDEOGRAPHER: Going off the record. The time is 11:08. (Recess taken 11:08 a.m. to 11:16 a.m.)	2 3 4 5 6	A. I don't know. Q. I appreciate that you don't know, but do you have any reason as you sit here today to believe that he failed to fulfill that particular responsibility? A. I don't know. Q. Okay. Are you an authorized	Page 319
2 3 4 5 6 7	DONDERO - 10/29/21 some point we have got to be able to get more than 10 minutes of testimony in a row. So let's take a short break. MS. DEITSCH-PEREZ: Thank you. VIDEOGRAPHER: Going off the record. The time is 11:08.	2 3 4 5 6 7	A. I don't know. Q. I appreciate that you don't know, but do you have any reason as you sit here today to believe that he failed to fulfill that particular responsibility? A. I don't know.	Page 319
2 3 4 5 6 7 8	DONDERO - 10/29/21 some point we have got to be able to get more than 10 minutes of testimony in a row. So let's take a short break. MS. DEITSCH-PEREZ: Thank you. VIDEOGRAPHER: Going off the record. The time is 11:08. (Recess taken 11:08 a.m. to 11:16 a.m.)	2 3 4 5 6 7 8	A. I don't know. Q. I appreciate that you don't know, but do you have any reason as you sit here today to believe that he failed to fulfill that particular responsibility? A. I don't know. Q. Okay. Are you an authorized	Page 319
2 3 4 5 6 7 8 9	DONDERO - 10/29/21 some point we have got to be able to get more than 10 minutes of testimony in a row. So let's take a short break. MS. DEITSCH-PEREZ: Thank you. VIDEOGRAPHER: Going off the record. The time is 11:08. (Recess taken 11:08 a.m. to 11:16 a.m.) VIDEOGRAPHER: Back on the record,	2 3 4 5 6 7 8 9	A. I don't know. Q. I appreciate that you don't know, but do you have any reason as you sit here today to believe that he failed to fulfill that particular responsibility? A. I don't know. Q. Okay. Are you an authorized signatory on HCMFA's bank accounts?	Page 319
2 3 4 5 6 7 8 9 10	DONDERO - 10/29/21 some point we have got to be able to get more than 10 minutes of testimony in a row. So let's take a short break. MS. DEITSCH-PEREZ: Thank you. VIDEOGRAPHER: Going off the record. The time is 11:08. (Recess taken 11:08 a.m. to 11:16 a.m.) VIDEOGRAPHER: Back on the record, 11:16.	2 3 4 5 6 7 8 9	A. I don't know. Q. I appreciate that you don't know, but do you have any reason as you sit here today to believe that he failed to fulfill that particular responsibility? A. I don't know. Q. Okay. Are you an authorized signatory on HCMFA's bank accounts? A. I don't know.	Page 319
2 3 4 5 6 7 8 9 10 11	DONDERO - 10/29/21 some point we have got to be able to get more than 10 minutes of testimony in a row. So let's take a short break. MS. DEITSCH-PEREZ: Thank you. VIDEOGRAPHER: Going off the record. The time is 11:08. (Recess taken 11:08 a.m. to 11:16 a.m.) VIDEOGRAPHER: Back on the record, 11:16. Q. Mr. Dondero, did you communicate	2 3 4 5 6 7 8 9 10	A. I don't know. Q. I appreciate that you don't know, but do you have any reason as you sit here today to believe that he failed to fulfill that particular responsibility? A. I don't know. Q. Okay. Are you an authorized signatory on HCMFA's bank accounts? A. I don't know. Q. Do you know who the authorized	Page 319
2 3 4 5 6 7 8 9 10 11 12	DONDERO - 10/29/21 some point we have got to be able to get more than 10 minutes of testimony in a row. So let's take a short break. MS. DEITSCH-PEREZ: Thank you. VIDEOGRAPHER: Going off the record. The time is 11:08. (Recess taken 11:08 a.m. to 11:16 a.m.) VIDEOGRAPHER: Back on the record, 11:16. Q. Mr. Dondero, did you communicate with anybody on the break about the substance	2 3 4 5 6 7 8 9 10 11 12	A. I don't know. Q. I appreciate that you don't know, but do you have any reason as you sit here today to believe that he failed to fulfill that particular responsibility? A. I don't know. Q. Okay. Are you an authorized signatory on HCMFA's bank accounts? A. I don't know. Q. Do you know who the authorized signatories are on HCMFA's bank accounts?	Page 319
2 3 4 5 6 7 8 9 10 11 12 13	DONDERO - 10/29/21 some point we have got to be able to get more than 10 minutes of testimony in a row. So let's take a short break. MS. DEITSCH-PEREZ: Thank you. VIDEOGRAPHER: Going off the record. The time is 11:08. (Recess taken 11:08 a.m. to 11:16 a.m.) VIDEOGRAPHER: Back on the record, 11:16. Q. Mr. Dondero, did you communicate with anybody on the break about the substance of your testimony?	2 3 4 5 6 7 8 9 10 11 12 13	A. I don't know. Q. I appreciate that you don't know, but do you have any reason as you sit here today to believe that he failed to fulfill that particular responsibility? A. I don't know. Q. Okay. Are you an authorized signatory on HCMFA's bank accounts? A. I don't know. Q. Do you know who the authorized signatories are on HCMFA's bank accounts? A. No.	Page 319
2 3 4 5 6 7 8 9 10 11 12 13 14	DONDERO - 10/29/21 some point we have got to be able to get more than 10 minutes of testimony in a row. So let's take a short break. MS. DEITSCH-PEREZ: Thank you. VIDEOGRAPHER: Going off the record. The time is 11:08. (Recess taken 11:08 a.m. to 11:16 a.m.) VIDEOGRAPHER: Back on the record, 11:16. Q. Mr. Dondero, did you communicate with anybody on the break about the substance of your testimony? A. No.	2 3 4 5 6 7 8 9 10 11 12 13	A. I don't know. Q. I appreciate that you don't know, but do you have any reason as you sit here today to believe that he failed to fulfill that particular responsibility? A. I don't know. Q. Okay. Are you an authorized signatory on HCMFA's bank accounts? A. I don't know. Q. Do you know who the authorized signatories are on HCMFA's bank accounts? A. No. Q. Do you know whether anybody now	Page 319
2 3 4 5 6 7 8 9 10 11 12 13 14 15	DONDERO - 10/29/21 some point we have got to be able to get more than 10 minutes of testimony in a row. So let's take a short break. MS. DEITSCH-PEREZ: Thank you. VIDEOGRAPHER: Going off the record. The time is 11:08. (Recess taken 11:08 a.m. to 11:16 a.m.) VIDEOGRAPHER: Back on the record, 11:16. Q. Mr. Dondero, did you communicate with anybody on the break about the substance of your testimony? A. No. Q. As treasurer of HCMFA, did	2 3 4 5 6 7 8 9 10 11 12 13 14 15	A. I don't know. Q. I appreciate that you don't know, but do you have any reason as you sit here today to believe that he failed to fulfill that particular responsibility? A. I don't know. Q. Okay. Are you an authorized signatory on HCMFA's bank accounts? A. I don't know. Q. Do you know who the authorized signatories are on HCMFA's bank accounts? A. No. Q. Do you know whether anybody now employed or previously employed by Highland was	Page 319
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	DONDERO - 10/29/21 some point we have got to be able to get more than 10 minutes of testimony in a row. So let's take a short break. MS. DEITSCH-PEREZ: Thank you. VIDEOGRAPHER: Going off the record. The time is 11:08. (Recess taken 11:08 a.m. to 11:16 a.m.) VIDEOGRAPHER: Back on the record, 11:16. Q. Mr. Dondero, did you communicate with anybody on the break about the substance of your testimony? A. No. Q. As treasurer of HCMFA, did Mr. Waterhouse's responsibilities include being	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	A. I don't know. Q. I appreciate that you don't know, but do you have any reason as you sit here today to believe that he failed to fulfill that particular responsibility? A. I don't know. Q. Okay. Are you an authorized signatory on HCMFA's bank accounts? A. I don't know. Q. Do you know who the authorized signatories are on HCMFA's bank accounts? A. No. Q. Do you know whether anybody now employed or previously employed by Highland was an authorized signatory with respect to any of	Page 319
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	DONDERO - 10/29/21 some point we have got to be able to get more than 10 minutes of testimony in a row. So let's take a short break. MS. DEITSCH-PEREZ: Thank you. VIDEOGRAPHER: Going off the record. The time is 11:08. (Recess taken 11:08 a.m. to 11:16 a.m.) VIDEOGRAPHER: Back on the record, 11:16. Q. Mr. Dondero, did you communicate with anybody on the break about the substance of your testimony? A. No. Q. As treasurer of HCMFA, did Mr. Waterhouse's responsibilities include being familiar with HCMFA's debts and obligations?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	A. I don't know. Q. I appreciate that you don't know, but do you have any reason as you sit here today to believe that he failed to fulfill that particular responsibility? A. I don't know. Q. Okay. Are you an authorized signatory on HCMFA's bank accounts? A. I don't know. Q. Do you know who the authorized signatories are on HCMFA's bank accounts? A. No. Q. Do you know whether anybody now employed or previously employed by Highland was an authorized signatory with respect to any of HCMFA's bank accounts?	Page 319
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	DONDERO - 10/29/21 some point we have got to be able to get more than 10 minutes of testimony in a row. So let's take a short break. MS. DEITSCH-PEREZ: Thank you. VIDEOGRAPHER: Going off the record. The time is 11:08. (Recess taken 11:08 a.m. to 11:16 a.m.) VIDEOGRAPHER: Back on the record, 11:16. Q. Mr. Dondero, did you communicate with anybody on the break about the substance of your testimony? A. No. Q. As treasurer of HCMFA, did Mr. Waterhouse's responsibilities include being familiar with HCMFA's debts and obligations? A. Yes.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. I don't know. Q. I appreciate that you don't know, but do you have any reason as you sit here today to believe that he failed to fulfill that particular responsibility? A. I don't know. Q. Okay. Are you an authorized signatory on HCMFA's bank accounts? A. I don't know. Q. Do you know who the authorized signatories are on HCMFA's bank accounts? A. No. Q. Do you know whether anybody now employed or previously employed by Highland was an authorized signatory with respect to any of HCMFA's bank accounts? A. I don't know.	Page 319
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	DONDERO - 10/29/21 some point we have got to be able to get more than 10 minutes of testimony in a row. So let's take a short break. MS. DEITSCH-PEREZ: Thank you. VIDEOGRAPHER: Going off the record. The time is 11:08. (Recess taken 11:08 a.m. to 11:16 a.m.) VIDEOGRAPHER: Back on the record, 11:16. Q. Mr. Dondero, did you communicate with anybody on the break about the substance of your testimony? A. No. Q. As treasurer of HCMFA, did Mr. Waterhouse's responsibilities include being familiar with HCMFA's debts and obligations? A. Yes. Q. Do you have any reason to believe as	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	A. I don't know. Q. I appreciate that you don't know, but do you have any reason as you sit here today to believe that he failed to fulfill that particular responsibility? A. I don't know. Q. Okay. Are you an authorized signatory on HCMFA's bank accounts? A. I don't know. Q. Do you know who the authorized signatories are on HCMFA's bank accounts? A. No. Q. Do you know whether anybody now employed or previously employed by Highland was an authorized signatory with respect to any of HCMFA's bank accounts? A. I don't know. Q. Do you know whether Mr. Waterhouse	Page 319
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	DONDERO - 10/29/21 some point we have got to be able to get more than 10 minutes of testimony in a row. So let's take a short break. MS. DEITSCH-PEREZ: Thank you. VIDEOGRAPHER: Going off the record. The time is 11:08. (Recess taken 11:08 a.m. to 11:16 a.m.) VIDEOGRAPHER: Back on the record, 11:16. Q. Mr. Dondero, did you communicate with anybody on the break about the substance of your testimony? A. No. Q. As treasurer of HCMFA, did Mr. Waterhouse's responsibilities include being familiar with HCMFA's debts and obligations? A. Yes. Q. Do you have any reason to believe as you sit here today that Mr. Waterhouse failed	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	A. I don't know. Q. I appreciate that you don't know, but do you have any reason as you sit here today to believe that he failed to fulfill that particular responsibility? A. I don't know. Q. Okay. Are you an authorized signatory on HCMFA's bank accounts? A. I don't know. Q. Do you know who the authorized signatories are on HCMFA's bank accounts? A. No. Q. Do you know whether anybody now employed or previously employed by Highland was an authorized signatory with respect to any of HCMFA's bank accounts? A. I don't know. Q. Do you know whether Mr. Waterhouse was an authorized signatory on any of HCMFA's	Page 319
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	DONDERO - 10/29/21 some point we have got to be able to get more than 10 minutes of testimony in a row. So let's take a short break. MS. DEITSCH-PEREZ: Thank you. VIDEOGRAPHER: Going off the record. The time is 11:08. (Recess taken 11:08 a.m. to 11:16 a.m.) VIDEOGRAPHER: Back on the record, 11:16. Q. Mr. Dondero, did you communicate with anybody on the break about the substance of your testimony? A. No. Q. As treasurer of HCMFA, did Mr. Waterhouse's responsibilities include being familiar with HCMFA's debts and obligations? A. Yes. Q. Do you have any reason to believe as you sit here today that Mr. Waterhouse failed to fulfill his responsibilities as treasurer of	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	A. I don't know. Q. I appreciate that you don't know, but do you have any reason as you sit here today to believe that he failed to fulfill that particular responsibility? A. I don't know. Q. Okay. Are you an authorized signatory on HCMFA's bank accounts? A. I don't know. Q. Do you know who the authorized signatories are on HCMFA's bank accounts? A. No. Q. Do you know whether anybody now employed or previously employed by Highland was an authorized signatory with respect to any of HCMFA's bank accounts? A. I don't know. Q. Do you know whether Mr. Waterhouse was an authorized signatory on any of HCMFA's bank accounts?	Page 319
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	some point we have got to be able to get more than 10 minutes of testimony in a row. So let's take a short break. MS. DEITSCH-PEREZ: Thank you. VIDEOGRAPHER: Going off the record. The time is 11:08. (Recess taken 11:08 a.m. to 11:16 a.m.) VIDEOGRAPHER: Back on the record, 11:16. Q. Mr. Dondero, did you communicate with anybody on the break about the substance of your testimony? A. No. Q. As treasurer of HCMFA, did Mr. Waterhouse's responsibilities include being familiar with HCMFA's debts and obligations? A. Yes. Q. Do you have any reason to believe as you sit here today that Mr. Waterhouse failed to fulfill his responsibilities as treasurer of HCMFA and familiarize himself with their debts	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. I don't know. Q. I appreciate that you don't know, but do you have any reason as you sit here today to believe that he failed to fulfill that particular responsibility? A. I don't know. Q. Okay. Are you an authorized signatory on HCMFA's bank accounts? A. I don't know. Q. Do you know who the authorized signatories are on HCMFA's bank accounts? A. No. Q. Do you know whether anybody now employed or previously employed by Highland was an authorized signatory with respect to any of HCMFA's bank accounts? A. I don't know. Q. Do you know whether Mr. Waterhouse was an authorized signatory on any of HCMFA's bank accounts? A. I don't know how he had – had it	Page 319
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	some point we have got to be able to get more than 10 minutes of testimony in a row. So let's take a short break. MS. DEITSCH-PEREZ: Thank you. VIDEOGRAPHER: Going off the record. The time is 11:08. (Recess taken 11:08 a.m. to 11:16 a.m.) VIDEOGRAPHER: Back on the record, 11:16. Q. Mr. Dondero, did you communicate with anybody on the break about the substance of your testimony? A. No. Q. As treasurer of HCMFA, did Mr. Waterhouse's responsibilities include being familiar with HCMFA's debts and obligations? A. Yes. Q. Do you have any reason to believe as you sit here today that Mr. Waterhouse failed to fulfill his responsibilities?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. I don't know. Q. I appreciate that you don't know, but do you have any reason as you sit here today to believe that he failed to fulfill that particular responsibility? A. I don't know. Q. Okay. Are you an authorized signatory on HCMFA's bank accounts? A. I don't know. Q. Do you know who the authorized signatories are on HCMFA's bank accounts? A. No. Q. Do you know whether anybody now employed or previously employed by Highland was an authorized signatory with respect to any of HCMFA's bank accounts? A. I don't know. Q. Do you know whether Mr. Waterhouse was an authorized signatory on any of HCMFA's bank accounts? A. I don't know how he had had it set up. There would have been, I imagine,	Page 319

Page 320	1 DONDERO - 10/29/21	Page 321
2 the right audit controls, et cetera. So I	2 you want to look at that.	
3 would imagine there would have been somebody	3 A. No, but I think that is – that is	
4 preparing it and multiple signatures or	4 the answer, but that is my only awareness.	
5 multiple sign-offs on wires, but I have no	5 Q. Okay. Do you have – do you have –	
6 awareness of this. I mean, I would believe	6 do you know whether she was ever appointed to	
7 that it was done compliantly and correctly, but	7 any position within the Highland corporate	
8 I don't have any specific awareness.	8 family other than as an attorney with Highland	
9 Q. Okay. Do you know Lauren Thedford?	9 and as the secretary of HCMFA?	
10 A. Yes.	10 A. I don't know.	
11 Q. And was Ms. Thedford an employee of	11 Q. Other than Ms. Waterhouse –	
12 Highland at one time?	12 withdrawn.	
13 A. Yes.	13 Other than Mr. Waterhouse and	
14 Q. Do you recall what position she held	14 Ms. Thedford, can you identify any current or	
15 at any particular point in time?	15 former employee of Highland that ever served as	
16 A. I believe she held several different	16 an officer of HCMFA?	
17 positions over the years, but I remember most	17 A. I don't know.	
18 as a corporate attorney working on document –	18 Q. Okay. Can you identify any current	
19 documents when we – we do new funds or amend	19 or former employee of Highland who was	
20 old funds.	20 simultaneously also an employee of HCMFA?	
	21 MS. DEITSCH-PEREZ: Object to the	
21 Q. Okay. Do you recall whether she 22 served as an officer of HCMFA?	22 form.	
,	,	
24 certificate we had up earlier?25 Q. It was. We can put it back up if	24 employee? 25 Q. Yeah, who was actually – yeah, to	
25 Q. It was. We can put it back up if	25 Q. Yeah, who was actually – yeah, to	
Page 322 1 DONDERO - 10/29/21	1 DONDERO - 10/29/21	Page 323
2 be clear, who was actually employed by both,	2 don't remember when.	
3 who received, you know, income from both.		
	3 Q. Can you tell me generally the nature 4 of NexPoint's business?	
4 A. I don't know regarding income, but 5 some of that historic portfolio managers like		
· · · · · · · · · · · · · · · · · · ·	5 A. It is generally real estate related.6 Q. Have you controlled NexPoint	
6 Michael Gregory or Jonathan Lamensdorf, they7 did work for HCMFA primarily, but they also did	6 Q. Have you controlled NexPoint 7 throughout its corporate existence, to the best	
8 other things for Highland. I don't know how	8 of your knowledge? 9 A. Yes.	
9 their compensation or their bonuses were split.		
10 I just – I wouldn't have awareness of that.	10 Q. Do you have a title with NexPoint	
11 Q. Let's move on to NexPoint. You're	11 today?	
12 familiar with an entity called NexPoint	12 A. I believe I'm president, but I don't	
13 Advisors, L.P.; correct?	13 know for sure.	
14 A. Yes.	14 Q. Did you appoint Mr. Waterhouse to	
15 Q. We will refer to that as NexPoint,	15 serve as treasurer of NexPoint?	
16 okay?	16 A. I don't know.	
17 A. Sure.	17 MR. MORRIS: Please put up Exhibit	
18 Q. Do you know who owns NexPoint?	18 37.	
19 A. Directly or indirectly, I believe I	19 Q. This is another incumbency	
20 do.	20 certificate, sir?	
21 Q. Okay. And do you control NexPoint?	21 A. Yes.	
22 A. Yes.	22 Q. And do you see, is that your	
23 Q. And do you know when NexPoint was	23 signature at the bottom?	
	24 A. Looks like it, yes.	
24 created? 25 A. More than five years ago, but I	25 Q. And does that refresh your	

	Page 324		Page 32F
1 DONDERO - 10/29/21	Page 324 1	DONDERO - 10/29/21	Page 325
2 recollection that you personally identified	2	president of Highland, that Mr. Waterhouse	
3 Mr. Waterhouse as the treasurer of NexPoint	3	served in capacities with respect to affiliated	
4 Advisors, L.P. effective as of April 11th,	4	companies?	
5 2019?	5	A. I was aware that multiple senior	
6 A. No, I mean, not – no.	6	executives had multiple titles at multiple	
7 Q. Do you have any reason to doubt that	7	different entities, but I didn't have specific	
8 Mr. Waterhouse served as the treasurer of	8	awareness whatsoever on entities that Frank was	
9 NexPoint Advisors prior to the petition date?	9	or was not involved in.	
10 A. No, I don't have a reason to	10	Q. Okay. But to the extent that he	
11 disagree with it. I just didn't have an	11	held a title with one of the affiliated	
12 awareness. And when you asked me earlier,	the 12	companies, those affiliated companies would	
13 thing that was running through my mind is that		·	
14 it could have been, you know, Brian Mitts who	14		
15 has a strong accounting background at NexPo	int. 15	A. Generally.	
16 I just wasn't – I didn't know, based on	16	•	
17 recollection, who was treasurer.	17		
18 Q. Okay. Were you aware that – but	18	• •	
19 you were aware, were you not, that	19		
20 Mr. Waterhouse wore multiple hats?	20		
21 MS. DEITSCH-PEREZ: Objection to	2.		
22 form.	22	•	
23 Q. Withdrawn.	23	•	
24 You were aware, were you not, sir,	24		
25 that during the time that you served as	25		
1 DONDERO - 10/29/21	Page 326	DONDERO - 10/29/21	Page 327
	1	DONDERO - 10/29/21 Q. Do vou know whether NexPoint's	Page 327
2 of NexPoint Advisors?	1 2	Q. Do you know whether NexPoint's	Page 327
2 of NexPoint Advisors?3 A. No.	3	Q. Do you know whether NexPoint's balance sheet reflected obligations that it	Page 327
 2 of NexPoint Advisors? 3 A. No. 4 Q. Okay. As the president of NexPoint 	1 2 3 4	Q. Do you know whether NexPoint's balance sheet reflected obligations that it carried as liabilities that were due and owing	Page 327
 2 of NexPoint Advisors? 3 A. No. 4 Q. Okay. As the president of NexPoint 5 Advisors, do you believe that you had a 	1 2 3 4 5 5 5 5 5 6 6 6 6 6 6 6 6 6 6 6 6 6 6	Q. Do you know whether NexPoint's balance sheet reflected obligations that it carried as liabilities that were due and owing to Highland?	Page 327
 of NexPoint Advisors? A. No. Q. Okay. As the president of NexPoint Advisors, do you believe that you had a responsibility to familiarize yourself with 	1 2 3 4 5	Q. Do you know whether NexPoint's balance sheet reflected obligations that it carried as liabilities that were due and owing to Highland? A. I was aware generally of the notes,	Page 327
 of NexPoint Advisors? A. No. Q. Okay. As the president of NexPoint Advisors, do you believe that you had a responsibility to familiarize yourself with NexPoint's debts and obligations? 	1 2 3 4 5 6	Q. Do you know whether NexPoint's balance sheet reflected obligations that it carried as liabilities that were due and owing to Highland? A. I was aware generally of the notes, but I didn't study the NexPoint balance sheet.	Page 327
 of NexPoint Advisors? A. No. Q. Okay. As the president of NexPoint Advisors, do you believe that you had a responsibility to familiarize yourself with NexPoint's debts and obligations? MS. DEITSCH-PEREZ: Object to the 	1 2 3 4 5 6 7	 Q. Do you know whether NexPoint's balance sheet reflected obligations that it carried as liabilities that were due and owing to Highland? A. I was aware generally of the notes, but I didn't study the NexPoint balance sheet. Q. Do you believe that Mr. Waterhouse 	Page 327
 of NexPoint Advisors? A. No. Q. Okay. As the president of NexPoint Advisors, do you believe that you had a responsibility to familiarize yourself with NexPoint's debts and obligations? MS. DEITSCH-PEREZ: Object to the form. 	1 2 3 4 5 6 7 8	Q. Do you know whether NexPoint's balance sheet reflected obligations that it carried as liabilities that were due and owing to Highland? A. I was aware generally of the notes, but I didn't study the NexPoint balance sheet. Q. Do you believe that Mr. Waterhouse had any responsibility as NexPoint's treasurer	Page 327
 of NexPoint Advisors? A. No. Q. Okay. As the president of NexPoint Advisors, do you believe that you had a responsibility to familiarize yourself with NexPoint's debts and obligations? MS. DEITSCH-PEREZ: Object to the form. A. Just generally. 	1 2 3 4 5 6 7 8 9	Q. Do you know whether NexPoint's balance sheet reflected obligations that it carried as liabilities that were due and owing to Highland? A. I was aware generally of the notes, but I didn't study the NexPoint balance sheet. Q. Do you believe that Mr. Waterhouse had any responsibility as NexPoint's treasurer to familiarize himself with NexPoint's debts	Page 327
 of NexPoint Advisors? A. No. Q. Okay. As the president of NexPoint Advisors, do you believe that you had a responsibility to familiarize yourself with NexPoint's debts and obligations? MS. DEITSCH-PEREZ: Object to the form. A. Just generally. Q. Okay. Did you do anything to 	1 2 3 4 5 6 7 8 9	Q. Do you know whether NexPoint's balance sheet reflected obligations that it carried as liabilities that were due and owing to Highland? A. I was aware generally of the notes, but I didn't study the NexPoint balance sheet. Q. Do you believe that Mr. Waterhouse had any responsibility as NexPoint's treasurer to familiarize himself with NexPoint's debts and obligations?	Page 327
 of NexPoint Advisors? A. No. Q. Okay. As the president of NexPoint Advisors, do you believe that you had a responsibility to familiarize yourself with NexPoint's debts and obligations? MS. DEITSCH-PEREZ: Object to the form. A. Just generally. Q. Okay. Did you do anything to generally inform yourself of NexPoint's debts 	1 2 3 4 5 6 7 8 9 10 12	Q. Do you know whether NexPoint's balance sheet reflected obligations that it carried as liabilities that were due and owing to Highland? A. I was aware generally of the notes, but I didn't study the NexPoint balance sheet. Q. Do you believe that Mr. Waterhouse had any responsibility as NexPoint's treasurer to familiarize himself with NexPoint's debts and obligations? A. Yeah. I mean, the role is different	Page 327
 of NexPoint Advisors? A. No. Q. Okay. As the president of NexPoint Advisors, do you believe that you had a responsibility to familiarize yourself with NexPoint's debts and obligations? MS. DEITSCH-PEREZ: Object to the form. A. Just generally. Q. Okay. Did you do anything to generally inform yourself of NexPoint's debts and obligations? 	1 2 3 4 5 6 7 8 9 10 11	Q. Do you know whether NexPoint's balance sheet reflected obligations that it carried as liabilities that were due and owing to Highland? A. I was aware generally of the notes, but I didn't study the NexPoint balance sheet. Q. Do you believe that Mr. Waterhouse had any responsibility as NexPoint's treasurer to familiarize himself with NexPoint's debts and obligations? A. Yeah. I mean, the role is different and the burden is different, and Frank and his	Page 327
 of NexPoint Advisors? A. No. Q. Okay. As the president of NexPoint Advisors, do you believe that you had a responsibility to familiarize yourself with NexPoint's debts and obligations? MS. DEITSCH-PEREZ: Object to the form. A. Just generally. Q. Okay. Did you do anything to generally inform yourself of NexPoint's debts and obligations? A. Not – not specifically that I can 	1 2 3 4 5 6 7 8 9 10 11 12 13	Q. Do you know whether NexPoint's balance sheet reflected obligations that it carried as liabilities that were due and owing to Highland? A. I was aware generally of the notes, but I didn't study the NexPoint balance sheet. Q. Do you believe that Mr. Waterhouse had any responsibility as NexPoint's treasurer to familiarize himself with NexPoint's debts and obligations? A. Yeah. I mean, the role is different and the burden is different, and Frank and his team orchestrated all the audits and compliance	Page 327
 of NexPoint Advisors? A. No. Q. Okay. As the president of NexPoint Advisors, do you believe that you had a responsibility to familiarize yourself with NexPoint's debts and obligations? MS. DEITSCH-PEREZ: Object to the form. A. Just generally. Q. Okay. Did you do anything to generally inform yourself of NexPoint's debts and obligations? A. Not – not specifically that I can recall. 	1 2 3 4 5 6 7 8 9 10 11 12 13	Q. Do you know whether NexPoint's balance sheet reflected obligations that it carried as liabilities that were due and owing to Highland? A. I was aware generally of the notes, but I didn't study the NexPoint balance sheet. Q. Do you believe that Mr. Waterhouse had any responsibility as NexPoint's treasurer to familiarize himself with NexPoint's debts and obligations? A. Yeah. I mean, the role is different and the burden is different, and Frank and his team orchestrated all the audits and compliance statements and regulatory stuff for all of the	Page 327
 of NexPoint Advisors? A. No. Q. Okay. As the president of NexPoint Advisors, do you believe that you had a responsibility to familiarize yourself with NexPoint's debts and obligations? MS. DEITSCH-PEREZ: Object to the form. A. Just generally. Q. Okay. Did you do anything to generally inform yourself of NexPoint's debts and obligations? A. Not – not specifically that I can recall. Q. Can you recall doing anything to 	1 2 3 4 5 6 7 8 9 10 11 12 13 14	Q. Do you know whether NexPoint's balance sheet reflected obligations that it carried as liabilities that were due and owing to Highland? A. I was aware generally of the notes, but I didn't study the NexPoint balance sheet. Q. Do you believe that Mr. Waterhouse had any responsibility as NexPoint's treasurer to familiarize himself with NexPoint's debts and obligations? A. Yeah. I mean, the role is different and the burden is different, and Frank and his team orchestrated all the audits and compliance statements and regulatory stuff for all of the funds managed by NexPoint.	Page 327
 of NexPoint Advisors? A. No. Q. Okay. As the president of NexPoint Advisors, do you believe that you had a responsibility to familiarize yourself with NexPoint's debts and obligations? MS. DEITSCH-PEREZ: Object to the form. A. Just generally. Q. Okay. Did you do anything to generally inform yourself of NexPoint's debts and obligations? A. Not – not specifically that I can recall. Q. Can you recall doing anything to familiarize yourself with NexPoint's debts and 	1 2 3 4 5 5 6 6 7 8 8 9 10 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Q. Do you know whether NexPoint's balance sheet reflected obligations that it carried as liabilities that were due and owing to Highland? A. I was aware generally of the notes, but I didn't study the NexPoint balance sheet. Q. Do you believe that Mr. Waterhouse had any responsibility as NexPoint's treasurer to familiarize himself with NexPoint's debts and obligations? A. Yeah. I mean, the role is different and the burden is different, and Frank and his team orchestrated all the audits and compliance statements and regulatory stuff for all of the funds managed by NexPoint. Q. Well, you personally were	Page 327
 of NexPoint Advisors? A. No. Q. Okay. As the president of NexPoint Advisors, do you believe that you had a responsibility to familiarize yourself with NexPoint's debts and obligations? MS. DEITSCH-PEREZ: Object to the form. A. Just generally. Q. Okay. Did you do anything to generally inform yourself of NexPoint's debts and obligations? A. Not – not specifically that I can recall. Q. Can you recall doing anything to familiarize yourself with NexPoint's debts and obligations at any time? 	1 2 3 3 4 4 5 5 6 6 7 7 8 8 9 10 11 12 13 14 15 16 17 18 18 18 18 18 18 18 18 18 18 18 18 18	Q. Do you know whether NexPoint's balance sheet reflected obligations that it carried as liabilities that were due and owing to Highland? A. I was aware generally of the notes, but I didn't study the NexPoint balance sheet. Q. Do you believe that Mr. Waterhouse had any responsibility as NexPoint's treasurer to familiarize himself with NexPoint's debts and obligations? A. Yeah. I mean, the role is different and the burden is different, and Frank and his team orchestrated all the audits and compliance statements and regulatory stuff for all of the funds managed by NexPoint. Q. Well, you personally were responsible for Highland's audited financial	Page 327
 of NexPoint Advisors? A. No. Q. Okay. As the president of NexPoint Advisors, do you believe that you had a responsibility to familiarize yourself with NexPoint's debts and obligations? MS. DEITSCH-PEREZ: Object to the form. A. Just generally. Q. Okay. Did you do anything to generally inform yourself of NexPoint's debts and obligations? A. Not – not specifically that I can recall. Q. Can you recall doing anything to familiarize yourself with NexPoint's debts and obligations at any time? MS. DEITSCH-PEREZ: Object to the 	1 2 3 3 4 4 5 5 6 6 7 7 8 8 9 10 11 12 13 14 15 16 17 18 18 18 18 18 18 18 18 18 18 18 18 18	Q. Do you know whether NexPoint's balance sheet reflected obligations that it carried as liabilities that were due and owing to Highland? A. I was aware generally of the notes, but I didn't study the NexPoint balance sheet. Q. Do you believe that Mr. Waterhouse had any responsibility as NexPoint's treasurer to familiarize himself with NexPoint's debts and obligations? A. Yeah. I mean, the role is different and the burden is different, and Frank and his team orchestrated all the audits and compliance statements and regulatory stuff for all of the funds managed by NexPoint. Q. Well, you personally were responsible for Highland's audited financial statements, weren't you?	Page 327
 of NexPoint Advisors? A. No. Q. Okay. As the president of NexPoint Advisors, do you believe that you had a responsibility to familiarize yourself with NexPoint's debts and obligations? MS. DEITSCH-PEREZ: Object to the form. A. Just generally. Q. Okay. Did you do anything to generally inform yourself of NexPoint's debts and obligations? A. Not – not specifically that I can recall. Q. Can you recall doing anything to familiarize yourself with NexPoint's debts and obligations at any time? MS. DEITSCH-PEREZ: Object to the form. 	1 2 3 3 4 4 5 5 6 6 7 7 8 8 9 10 11 12 13 14 15 16 17 18 18 19 18 19 19 19 19 19 19 19 19 19 19 19 19 19	Q. Do you know whether NexPoint's balance sheet reflected obligations that it carried as liabilities that were due and owing to Highland? A. I was aware generally of the notes, but I didn't study the NexPoint balance sheet. Q. Do you believe that Mr. Waterhouse had any responsibility as NexPoint's treasurer to familiarize himself with NexPoint's debts and obligations? A. Yeah. I mean, the role is different and the burden is different, and Frank and his team orchestrated all the audits and compliance statements and regulatory stuff for all of the funds managed by NexPoint. Q. Well, you personally were responsible for Highland's audited financial statements, weren't you? MS. DEITSCH-PEREZ: Objection, form.	Page 327
 of NexPoint Advisors? A. No. Q. Okay. As the president of NexPoint Advisors, do you believe that you had a responsibility to familiarize yourself with NexPoint's debts and obligations? MS. DEITSCH-PEREZ: Object to the form. A. Just generally. Q. Okay. Did you do anything to generally inform yourself of NexPoint's debts and obligations? A. Not – not specifically that I can recall. Q. Can you recall doing anything to familiarize yourself with NexPoint's debts and obligations at any time? MS. DEITSCH-PEREZ: Object to the form. A. Not that I recall. 	1 2 3 3 4 4 5 5 6 6 7 7 8 8 9 10 11 12 13 14 15 16 17 18 19 20 21 21 21 21 21 21 21 21 21 21 21 21 21	Q. Do you know whether NexPoint's balance sheet reflected obligations that it carried as liabilities that were due and owing to Highland? A. I was aware generally of the notes, but I didn't study the NexPoint balance sheet. Q. Do you believe that Mr. Waterhouse had any responsibility as NexPoint's treasurer to familiarize himself with NexPoint's debts and obligations? A. Yeah. I mean, the role is different and the burden is different, and Frank and his team orchestrated all the audits and compliance statements and regulatory stuff for all of the funds managed by NexPoint. Q. Well, you personally were responsible for Highland's audited financial statements, weren't you? MS. DEITSCH-PEREZ: Objection, form. A. No. I mean, "responsible" is not	Page 327
 of NexPoint Advisors? A. No. Q. Okay. As the president of NexPoint Advisors, do you believe that you had a responsibility to familiarize yourself with NexPoint's debts and obligations? MS. DEITSCH-PEREZ: Object to the form. A. Just generally. Q. Okay. Did you do anything to generally inform yourself of NexPoint's debts and obligations? A. Not – not specifically that I can recall. Q. Can you recall doing anything to familiarize yourself with NexPoint's debts and obligations at any time? MS. DEITSCH-PEREZ: Object to the form. A. Not that I recall. Q. Did you ever look at NexPoint's 	1 2 2 3 3 4 4 5 5 6 6 7 7 8 8 9 10 11 12 13 14 15 16 17 18 19 20 22 22 22 22 22	Q. Do you know whether NexPoint's balance sheet reflected obligations that it carried as liabilities that were due and owing to Highland? A. I was aware generally of the notes, but I didn't study the NexPoint balance sheet. Q. Do you believe that Mr. Waterhouse had any responsibility as NexPoint's treasurer to familiarize himself with NexPoint's debts and obligations? A. Yeah. I mean, the role is different and the burden is different, and Frank and his team orchestrated all the audits and compliance statements and regulatory stuff for all of the funds managed by NexPoint. Q. Well, you personally were responsible for Highland's audited financial statements, weren't you? MS. DEITSCH-PEREZ: Objection, form. A. No. I mean, "responsible" is not	Page 327
 of NexPoint Advisors? A. No. Q. Okay. As the president of NexPoint Advisors, do you believe that you had a responsibility to familiarize yourself with NexPoint's debts and obligations? MS. DEITSCH-PEREZ: Object to the form. A. Just generally. Q. Okay. Did you do anything to generally inform yourself of NexPoint's debts and obligations? A. Not – not specifically that I can recall. Q. Can you recall doing anything to familiarize yourself with NexPoint's debts and obligations at any time? MS. DEITSCH-PEREZ: Object to the form. A. Not that I recall. Q. Did you ever look at NexPoint's 	1 2 3 3 4 4 5 5 6 6 7 7 8 8 9 10 11 12 13 14 15 16 17 18 19 20 22 22 22 22 22 22 22 22 22 22 22 22	Q. Do you know whether NexPoint's balance sheet reflected obligations that it carried as liabilities that were due and owing to Highland? A. I was aware generally of the notes, but I didn't study the NexPoint balance sheet. Q. Do you believe that Mr. Waterhouse had any responsibility as NexPoint's treasurer to familiarize himself with NexPoint's debts and obligations? A. Yeah. I mean, the role is different and the burden is different, and Frank and his team orchestrated all the audits and compliance statements and regulatory stuff for all of the funds managed by NexPoint. Q. Well, you personally were responsible for Highland's audited financial statements, weren't you? MS. DEITSCH-PEREZ: Objection, form. A. No. I mean, "responsible" is not the right word. I mean, we — I have to — as	Page 327
2 of NexPoint Advisors? 3 A. No. 4 Q. Okay. As the president of NexPoint 5 Advisors, do you believe that you had a 6 responsibility to familiarize yourself with 7 NexPoint's debts and obligations? 8 MS. DEITSCH-PEREZ: Object to the 9 form. 10 A. Just generally. 11 Q. Okay. Did you do anything to 12 generally inform yourself of NexPoint's debts 13 and obligations? 14 A. Not – not specifically that I can 15 recall. 16 Q. Can you recall doing anything to 17 familiarize yourself with NexPoint's debts and 18 obligations at any time? 19 MS. DEITSCH-PEREZ: Object to the 20 form. 21 A. Not that I recall. 22 Q. Did you ever look at NexPoint's	1 2 2 3 3 4 4 5 5 6 6 7 7 8 8 9 10 11 12 13 14 15 16 17 18 19 20 22 22 22 22 22	Q. Do you know whether NexPoint's balance sheet reflected obligations that it carried as liabilities that were due and owing to Highland? A. I was aware generally of the notes, but I didn't study the NexPoint balance sheet. Q. Do you believe that Mr. Waterhouse had any responsibility as NexPoint's treasurer to familiarize himself with NexPoint's debts and obligations? A. Yeah. I mean, the role is different and the burden is different, and Frank and his team orchestrated all the audits and compliance statements and regulatory stuff for all of the funds managed by NexPoint. Q. Well, you personally were responsible for Highland's audited financial statements, weren't you? MS. DEITSCH-PEREZ: Objection, form. A. No. I mean, "responsible" is not the right word. I mean, we — I have to — as the senior most executive, I have to — to sign — sign statements regarding completeness	Page 327

Dagg 200		Daga 220
Page 328	1 DONDERO - 10/29/21	Page 329
2 but I am in no way involved in the preparation.	2 accounts?	
3 Q. We will talk about that in a bit.	3 A. I don't know.	
4 Do you have any reason to believe	4 Q. Do you know whether there is any	
5 today that Mr. Waterhouse failed to fulfill his	5 current or former employee of Highland who did	
6 responsibilities as treasurer of NexPoint to	6 not hold an officer position at NexPoint who	
7 familiarize himself with NexPoint's debts and	7 would have been an authorized signatory on	
8 obligations?	8 NexPoint's bank accounts?	
9 A. I don't know.	9 MS. DEITSCH-PEREZ: Object to the	
10 Q. You can't identify any particular	10 form.	
11 reason that you might have for concluding that	11 A. I don't know.	
12 Mr. Waterhouse failed to fulfill his duties as	12 Q. Can you identify any current or	
13 treasurer of NexPoint to familiarize himself	13 former employee of Highland who served as an	
14 with NexPoint's duties and respons – duties	14 officer of NexPoint at any time other than	
15 and obligations; correct?	15 Ms. Thedford and Mr. Waterhouse?	
16 A. Yes, I don't know.	16 A. I don't know.	
17 Q. Okay. Do you know who the	17 Q. Okay. Let's go to HCMS. Are you	
18 authorized signatories are on NexPoint's bank	18 familiar with an entity called Highland Capital	
19 accounts?	19 Management Services, Inc.?	
20 A. No.	20 A. Generally, yes.	
21 Q. Do you know if you're an authorized	Q. And can we refer to that as HCMS?	
22 signatory on NexPoint's bank accounts?	22 A. Yes.	
23 A. I don't know.	23 Q. Do you have a direct or indirect	
24 Q. Do you know if Mr. Waterhouse is an	24 ownership interest in HCMS?	
25 authorized signatory on NexPoint's bank	25 A. I believe so.	
Page 330		Dago 331
Page 330 1 DONDERO - 10/29/21	1 DONDERO - 10/29/21	Page 331
	DONDERO - 10/29/21 something the investors are willing to take a	Page 331
1 DONDERO - 10/29/21		Page 331
1 DONDERO - 10/29/21 2 Q. And do you own a majority of the	2 something the investors are willing to take a	Page 331
1 DONDERO - 10/29/21 2 Q. And do you own a majority of the 3 interest directly or indirectly in HCMS? 4 A. I believe so.	 2 something the investors are willing to take a 3 chance on and then give you separate account 4 money along those lines. 	Page 331
1 DONDERO - 10/29/21 2 Q. And do you own a majority of the 3 interest directly or indirectly in HCMS? 4 A. I believe so.	 something the investors are willing to take a chance on and then give you separate account money along those lines. 	Page 331
1 DONDERO - 10/29/21 2 Q. And do you own a majority of the 3 interest directly or indirectly in HCMS? 4 A. I believe so. 5 Q. Do you control HCMS? 6 A. I believe so.	 something the investors are willing to take a chance on and then give you separate account money along those lines. Q. Do you have a title with HCMS today? A. I don't know. 	Page 331
1 DONDERO - 10/29/21 2 Q. And do you own a majority of the 3 interest directly or indirectly in HCMS? 4 A. I believe so. 5 Q. Do you control HCMS? 6 A. I believe so. 7 Q. Have you – has there ever been a	 something the investors are willing to take a chance on and then give you separate account money along those lines. Q. Do you have a title with HCMS today? A. I don't know. 	Page 331
1 DONDERO - 10/29/21 2 Q. And do you own a majority of the 3 interest directly or indirectly in HCMS? 4 A. I believe so. 5 Q. Do you control HCMS? 6 A. I believe so. 7 Q. Have you – has there ever been a 8 period of time in HCMS's corporate existence	 something the investors are willing to take a chance on and then give you separate account money along those lines. Q. Do you have a title with HCMS today? A. I don't know. Q. But you do control the entity; is that fair? 	Page 331
1 DONDERO - 10/29/21 2 Q. And do you own a majority of the 3 interest directly or indirectly in HCMS? 4 A. I believe so. 5 Q. Do you control HCMS? 6 A. I believe so. 7 Q. Have you – has there ever been a 8 period of time in HCMS's corporate existence	 something the investors are willing to take a chance on and then give you separate account money along those lines. Q. Do you have a title with HCMS today? A. I don't know. Q. But you do control the entity; is that fair? 	Page 331
1 DONDERO - 10/29/21 2 Q. And do you own a majority of the 3 interest directly or indirectly in HCMS? 4 A. I believe so. 5 Q. Do you control HCMS? 6 A. I believe so. 7 Q. Have you – has there ever been a 8 period of time in HCMS's corporate existence 9 where you did not control that entity?	 something the investors are willing to take a chance on and then give you separate account money along those lines. Q. Do you have a title with HCMS today? A. I don't know. Q. But you do control the entity; is that fair? MS. DEITSCH-PEREZ: Object to the 	Page 331
1 DONDERO - 10/29/21 2 Q. And do you own a majority of the 3 interest directly or indirectly in HCMS? 4 A. I believe so. 5 Q. Do you control HCMS? 6 A. I believe so. 7 Q. Have you – has there ever been a 8 period of time in HCMS's corporate existence 9 where you did not control that entity? 10 A. Not that I'm aware of.	 something the investors are willing to take a chance on and then give you separate account money along those lines. Q. Do you have a title with HCMS today? A. I don't know. Q. But you do control the entity; is that fair? MS. DEITSCH-PEREZ: Object to the form, asked and answered. 	Page 331
1 DONDERO - 10/29/21 2 Q. And do you own a majority of the 3 interest directly or indirectly in HCMS? 4 A. I believe so. 5 Q. Do you control HCMS? 6 A. I believe so. 7 Q. Have you – has there ever been a 8 period of time in HCMS's corporate existence 9 where you did not control that entity? 10 A. Not that I'm aware of. 11 Q. Do you recall when HCMS was created?	 something the investors are willing to take a chance on and then give you separate account money along those lines. Q. Do you have a title with HCMS today? A. I don't know. Q. But you do control the entity; is that fair? MS. DEITSCH-PEREZ: Object to the form, asked and answered. A. I believe so. 	Page 331
1 DONDERO - 10/29/21 2 Q. And do you own a majority of the 3 interest directly or indirectly in HCMS? 4 A. I believe so. 5 Q. Do you control HCMS? 6 A. I believe so. 7 Q. Have you – has there ever been a 8 period of time in HCMS's corporate existence 9 where you did not control that entity? 10 A. Not that I'm aware of. 11 Q. Do you recall when HCMS was created? 12 A. More than five years ago, but I 13 don't remember when.	 something the investors are willing to take a chance on and then give you separate account money along those lines. Q. Do you have a title with HCMS today? A. I don't know. Q. But you do control the entity; is that fair? MS. DEITSCH-PEREZ: Object to the form, asked and answered. A. I believe so. Q. Okay. Do you know whether 	Page 331
1 DONDERO - 10/29/21 2 Q. And do you own a majority of the 3 interest directly or indirectly in HCMS? 4 A. I believe so. 5 Q. Do you control HCMS? 6 A. I believe so. 7 Q. Have you – has there ever been a 8 period of time in HCMS's corporate existence 9 where you did not control that entity? 10 A. Not that I'm aware of. 11 Q. Do you recall when HCMS was created? 12 A. More than five years ago, but I 13 don't remember when.	 something the investors are willing to take a chance on and then give you separate account money along those lines. Q. Do you have a title with HCMS today? A. I don't know. Q. But you do control the entity; is that fair? MS. DEITSCH-PEREZ: Object to the form, asked and answered. A. I believe so. Q. Okay. Do you know whether Mr. Waterhouse has ever served as an officer of 	Page 331
1 DONDERO - 10/29/21 2 Q. And do you own a majority of the 3 interest directly or indirectly in HCMS? 4 A. I believe so. 5 Q. Do you control HCMS? 6 A. I believe so. 7 Q. Have you – has there ever been a 8 period of time in HCMS's corporate existence 9 where you did not control that entity? 10 A. Not that I'm aware of. 11 Q. Do you recall when HCMS was created? 12 A. More than five years ago, but I 13 don't remember when. 14 Q. Do you have an understanding of the	 something the investors are willing to take a chance on and then give you separate account money along those lines. Q. Do you have a title with HCMS today? A. I don't know. Q. But you do control the entity; is that fair? MS. DEITSCH-PEREZ: Object to the form, asked and answered. A. I believe so. Q. Okay. Do you know whether Mr. Waterhouse has ever served as an officer of HCMS? 	Page 331
DONDERO - 10/29/21 Q. And do you own a majority of the interest directly or indirectly in HCMS? A. I believe so. Q. Do you control HCMS? A. I believe so. Q. Have you – has there ever been a period of time in HCMS's corporate existence where you did not control that entity? A. Not that I'm aware of. Q. Do you recall when HCMS was created? A. More than five years ago, but I don't remember when. Q. Do you have an understanding of the nature of HCMS's business?	 something the investors are willing to take a chance on and then give you separate account money along those lines. Q. Do you have a title with HCMS today? A. I don't know. Q. But you do control the entity; is that fair? MS. DEITSCH-PEREZ: Object to the form, asked and answered. A. I believe so. Q. Okay. Do you know whether Mr. Waterhouse has ever served as an officer of HCMS? A. I have no idea. 	Page 331
DONDERO - 10/29/21 Q. And do you own a majority of the interest directly or indirectly in HCMS? A. I believe so. Q. Do you control HCMS? A. I believe so. Q. Have you – has there ever been a period of time in HCMS's corporate existence where you did not control that entity? A. Not that I'm aware of. Q. Do you recall when HCMS was created? A. More than five years ago, but I don't remember when. A. It manages some assets, and it was	 something the investors are willing to take a chance on and then give you separate account money along those lines. Q. Do you have a title with HCMS today? A. I don't know. Q. But you do control the entity; is that fair? MS. DEITSCH-PEREZ: Object to the form, asked and answered. A. I believe so. Q. Okay. Do you know whether Mr. Waterhouse has ever served as an officer of HCMS? A. I have no idea. Q. Can you identify any person in the 	Page 331
DONDERO - 10/29/21 Q. And do you own a majority of the interest directly or indirectly in HCMS? A. I believe so. Q. Do you control HCMS? A. I believe so. Q. Have you – has there ever been a period of time in HCMS's corporate existence where you did not control that entity? A. Not that I'm aware of. Q. Do you recall when HCMS was created? A. More than five years ago, but I don't remember when. A. Do you have an understanding of the nature of HCMS's business? A. It manages some assets, and it was trying to create track records that then could	 something the investors are willing to take a chance on and then give you separate account money along those lines. Q. Do you have a title with HCMS today? A. I don't know. Q. But you do control the entity; is that fair? MS. DEITSCH-PEREZ: Object to the form, asked and answered. A. I believe so. Q. Okay. Do you know whether Mr. Waterhouse has ever served as an officer of HCMS? A. I have no idea. Q. Can you identify any person in the world who has ever served as an officer of HCMS? 	Page 331
DONDERO - 10/29/21 Q. And do you own a majority of the interest directly or indirectly in HCMS? A. I believe so. Q. Do you control HCMS? A. I believe so. Q. Have you – has there ever been a period of time in HCMS's corporate existence where you did not control that entity? A. Not that I'm aware of. Q. Do you recall when HCMS was created? A. More than five years ago, but I don't remember when. A. It manages some assets, and it was trying to create track records that then could be marketed.	 something the investors are willing to take a chance on and then give you separate account money along those lines. Q. Do you have a title with HCMS today? A. I don't know. Q. But you do control the entity; is that fair? MS. DEITSCH-PEREZ: Object to the form, asked and answered. A. I believe so. Q. Okay. Do you know whether Mr. Waterhouse has ever served as an officer of HCMS? A. I have no idea. Q. Can you identify any person in the world who has ever served as an officer of HCMS? 	Page 331
DONDERO - 10/29/21 Q. And do you own a majority of the interest directly or indirectly in HCMS? A. I believe so. Q. Do you control HCMS? A. I believe so. Q. Have you – has there ever been a period of time in HCMS's corporate existence where you did not control that entity? A. Not that I'm aware of. Q. Do you recall when HCMS was created? A. More than five years ago, but I don't remember when. Q. Do you have an understanding of the nature of HCMS's business? A. It manages some assets, and it was trying to create track records that then could be marketed.	 something the investors are willing to take a chance on and then give you separate account money along those lines. Q. Do you have a title with HCMS today? A. I don't know. Q. But you do control the entity; is that fair? MS. DEITSCH-PEREZ: Object to the form, asked and answered. A. I believe so. Q. Okay. Do you know whether Mr. Waterhouse has ever served as an officer of HCMS? A. I have no idea. Q. Can you identify any person in the world who has ever served as an officer of HCMS? A. I don't know what the incumbency 	Page 331
DONDERO - 10/29/21 Q. And do you own a majority of the interest directly or indirectly in HCMS? A. I believe so. Q. Do you control HCMS? A. I believe so. Q. Have you – has there ever been a period of time in HCMS's corporate existence where you did not control that entity? A. Not that I'm aware of. Q. Do you recall when HCMS was created? A. More than five years ago, but I don't remember when. A. It manages some assets, and it was trying to create track records that then could be marketed. Q. What does it mean to create a track record that could be marketed? A. You execute investments and	 something the investors are willing to take a chance on and then give you separate account money along those lines. Q. Do you have a title with HCMS today? A. I don't know. Q. But you do control the entity; is that fair? MS. DEITSCH-PEREZ: Object to the form, asked and answered. A. I believe so. Q. Okay. Do you know whether Mr. Waterhouse has ever served as an officer of HCMS? A. I have no idea. Q. Can you identify any person in the world who has ever served as an officer of HCMS? A. I don't know what the incumbency certificate would look like for services, but I'm willing to be refreshed. 	Page 331
1 DONDERO - 10/29/21 2 Q. And do you own a majority of the 3 interest directly or indirectly in HCMS? 4 A. I believe so. 5 Q. Do you control HCMS? 6 A. I believe so. 7 Q. Have you – has there ever been a 8 period of time in HCMS's corporate existence 9 where you did not control that entity? 10 A. Not that I'm aware of. 11 Q. Do you recall when HCMS was created? 12 A. More than five years ago, but I 13 don't remember when. 14 Q. Do you have an understanding of the 15 nature of HCMS's business? 16 A. It manages some assets, and it was 17 trying to create track records that then could 18 be marketed. 19 Q. What does it mean to create a track 20 record that could be marketed? 21 A. You execute investments and 22 investment strategy that you can refine and	 something the investors are willing to take a chance on and then give you separate account money along those lines. Q. Do you have a title with HCMS today? A. I don't know. Q. But you do control the entity; is that fair? MS. DEITSCH-PEREZ: Object to the form, asked and answered. A. I believe so. Q. Okay. Do you know whether Mr. Waterhouse has ever served as an officer of HCMS? A. I have no idea. Q. Can you identify any person in the world who has ever served as an officer of HCMS? A. I don't know what the incumbency certificate would look like for services, but I'm willing to be refreshed. 	Page 331
1 DONDERO - 10/29/21 2 Q. And do you own a majority of the 3 interest directly or indirectly in HCMS? 4 A. I believe so. 5 Q. Do you control HCMS? 6 A. I believe so. 7 Q. Have you – has there ever been a 8 period of time in HCMS's corporate existence 9 where you did not control that entity? 10 A. Not that I'm aware of. 11 Q. Do you recall when HCMS was created? 12 A. More than five years ago, but I 13 don't remember when. 14 Q. Do you have an understanding of the 15 nature of HCMS's business? 16 A. It manages some assets, and it was 17 trying to create track records that then could 18 be marketed. 19 Q. What does it mean to create a track 20 record that could be marketed? 21 A. You execute investments and 22 investment strategy that you can refine and	 something the investors are willing to take a chance on and then give you separate account money along those lines. Q. Do you have a title with HCMS today? A. I don't know. Q. But you do control the entity; is that fair? MS. DEITSCH-PEREZ: Object to the form, asked and answered. A. I believe so. Q. Okay. Do you know whether Mr. Waterhouse has ever served as an officer of HCMS? A. I have no idea. Q. Can you identify any person in the world who has ever served as an officer of HCMS? A. I don't know what the incumbency certificate would look like for services, but I'm willing to be refreshed. Q. Do you know if anybody ever served as the chief – withdrawn. 	Page 331
DONDERO - 10/29/21 Q. And do you own a majority of the interest directly or indirectly in HCMS? A. I believe so. Q. Do you control HCMS? A. I believe so. Q. Have you – has there ever been a period of time in HCMS's corporate existence where you did not control that entity? A. Not that I'm aware of. Q. Do you recall when HCMS was created? A. More than five years ago, but I don't remember when. Q. Do you have an understanding of the nature of HCMS's business? A. It manages some assets, and it was trying to create track records that then could be marketed. Q. What does it mean to create a track record that could be marketed? A. You execute investments and investment strategy that you can refine and articulate and show good results to potential	 something the investors are willing to take a chance on and then give you separate account money along those lines. Q. Do you have a title with HCMS today? A. I don't know. Q. But you do control the entity; is that fair? MS. DEITSCH-PEREZ: Object to the form, asked and answered. A. I believe so. Q. Okay. Do you know whether Mr. Waterhouse has ever served as an officer of HCMS? A. I have no idea. Q. Can you identify any person in the world who has ever served as an officer of HCMS? A. I don't know what the incumbency certificate would look like for services, but I'm willing to be refreshed. Q. Do you know if anybody ever served as the chief – withdrawn. 	Page 331

1	Page 332			Dogo 222
1	DONDERO - 10/29/21	1	DONDERO - 10/29/21	Page 333
2	A. The subject of that question was	2	HCMS's debts and obligations?	
3	HCMF. Is that what you meant to say, or did	3	A. I guess my answer, which would apply	
4	you mean Services?	4	to all of these entities, is awareness to know	
5	Q. No, I apologize. Thank you for the	5	that the amounts were de minimis relative to	
6	clarification. I did mean HCMS, so let me try	6	the value of the entity, and the debt service	
7	again.	7	costs or issues were very de minimis relative	
8	Has anybody ever served in the	8	to the entities, but beyond that, I didn't	
9	capacity of chief financial officer of HCMS?	9	study them.	
10	A. HCMF.	10	Q. Well, did – did HCMFA have	
11	MS. DEITSCH-PEREZ: S.	11	obligations to HCMLP that you would	
12	A. Not –	12	characterize as di minimis from HCMFA's	
13	Q. S.	13	perspective?	
14	A. Not of Services not that	14	A. Yeah, or just – it never had	
15	again, I don't know. I'm willing to be	15	obligations that were more than de minimis.	
16	refreshed, but I – I have no awareness.	16	Q. As – as the person in control of	
17	Q. Okay. As president – as the person	17	HCMFA, did you ever have any concern that HCMFA	
18	in control of HCMS, do you believe you had any	18	would not be able to satisfy its obligations to	
19	responsibility to familiarize yourself with	19	HCMLP if – if a demand was made?	
20	that entity's debts and obligations?	20	A. No.	
21	A. Again, just generally, to the extent	21	Q. Okay. Was anybody charged with the	
22	that they were material or an issue or	22	responsibility of familiarizing themselves with	
23	whatever, but no more than generally.	23	HCMS's debts and obligations?	
24	Q. Can you describe anything you ever	24	A. Again, to differentiate or separate	
25	did to generally familiarize yourself with	25	myself from the treasury function or from what	
	Page 334			Page 335
1	DONDERO - 10/29/21	1	DONDERO - 10/29/21	
		l _		
2	Frank and his group were doing.	2	complete answer regarding a myriad of ways	
3	From my perspective, I had to be	3	complete answer regarding a myriad of ways you've asked me kind of the same structural	
3 4	From my perspective, I had to be aware about it – aware of any obligations or	2 3 4	complete answer regarding a myriad of ways you've asked me kind of the same structural questions.	
3 4 5	From my perspective, I had to be aware about it – aware of any obligations or notes or debt service costs, et cetera, but to	2 3 4 5	complete answer regarding a myriad of ways you've asked me kind of the same structural questions. Q. I am, and just to be clear, I'm	
3 4 5 6	From my perspective, I had to be aware about it — aware of any obligations or notes or debt service costs, et cetera, but to the extent that I was aware and knew that it	2 3 4	complete answer regarding a myriad of ways you've asked me kind of the same structural questions. Q. I am, and just to be clear, I'm asking kind of the same structural questions	
3 4 5 6	From my perspective, I had to be aware about it — aware of any obligations or notes or debt service costs, et cetera, but to the extent that I was aware and knew that it was de minimis, I didn't spend any time	2 3 4 5 6 7	complete answer regarding a myriad of ways you've asked me kind of the same structural questions. Q. I am, and just to be clear, I'm asking kind of the same structural questions with respect to each of the entities at issue.	
3 4 5 6 7 8	From my perspective, I had to be aware about it — aware of any obligations or notes or debt service costs, et cetera, but to the extent that I was aware and knew that it was de minimis, I didn't spend any time focusing on it, studying it, calculating it	2 3 4 5 6 7 8	complete answer regarding a myriad of ways you've asked me kind of the same structural questions. Q. I am, and just to be clear, I'm asking kind of the same structural questions with respect to each of the entities at issue. I think you picked up on that. I hope you	
3 4 5 6 7 8 9	From my perspective, I had to be aware about it — aware of any obligations or notes or debt service costs, et cetera, but to the extent that I was aware and knew that it was de minimis, I didn't spend any time focusing on it, studying it, calculating it exactly, or anything like that.	2 3 4 5 6 7 8 9	complete answer regarding a myriad of ways you've asked me kind of the same structural questions. Q. I am, and just to be clear, I'm asking kind of the same structural questions with respect to each of the entities at issue. I think you picked up on that. I hope you don't think I'm being repetitive.	
3 4 5 6 7 8 9	From my perspective, I had to be aware about it — aware of any obligations or notes or debt service costs, et cetera, but to the extent that I was aware and knew that it was de minimis, I didn't spend any time focusing on it, studying it, calculating it exactly, or anything like that. Having said that, we are highly	2 3 4 5 6 7 8 9	complete answer regarding a myriad of ways you've asked me kind of the same structural questions. Q. I am, and just to be clear, I'm asking kind of the same structural questions with respect to each of the entities at issue. I think you picked up on that. I hope you don't think I'm being repetitive. You mentioned Frank and his group in	
3 4 5 6 7 8 9 10	From my perspective, I had to be aware about it — aware of any obligations or notes or debt service costs, et cetera, but to the extent that I was aware and knew that it was de minimis, I didn't spend any time focusing on it, studying it, calculating it exactly, or anything like that. Having said that, we are highly compliant. We do — we did audits every year	2 3 4 5 6 7 8 9 10	complete answer regarding a myriad of ways you've asked me kind of the same structural questions. Q. I am, and just to be clear, I'm asking kind of the same structural questions with respect to each of the entities at issue. I think you picked up on that. I hope you don't think I'm being repetitive. You mentioned Frank and his group in the context of HCMS. Did I hear that	
3 4 5 6 7 8 9 10 11 12	From my perspective, I had to be aware about it — aware of any obligations or notes or debt service costs, et cetera, but to the extent that I was aware and knew that it was de minimis, I didn't spend any time focusing on it, studying it, calculating it exactly, or anything like that. Having said that, we are highly compliant. We do — we did audits every year with reputable accounting firms that were	2 3 4 5 6 7 8 9 10 11 12	complete answer regarding a myriad of ways you've asked me kind of the same structural questions. Q. I am, and just to be clear, I'm asking kind of the same structural questions with respect to each of the entities at issue. I think you picked up on that. I hope you don't think I'm being repetitive. You mentioned Frank and his group in the context of HCMS. Did I hear that correctly?	
3 4 5 6 7 8 9 10 11 12 13	From my perspective, I had to be aware about it — aware of any obligations or notes or debt service costs, et cetera, but to the extent that I was aware and knew that it was de minimis, I didn't spend any time focusing on it, studying it, calculating it exactly, or anything like that. Having said that, we are highly compliant. We do — we did audits every year with reputable accounting firms that were complete and in depth. And any obligations	2 3 4 5 6 7 8 9 10 11 12 13	complete answer regarding a myriad of ways you've asked me kind of the same structural questions. Q. I am, and just to be clear, I'm asking kind of the same structural questions with respect to each of the entities at issue. I think you picked up on that. I hope you don't think I'm being repetitive. You mentioned Frank and his group in the context of HCMS. Did I hear that correctly? A. Yes.	
3 4 5 6 7 8 9 10 11 12 13 14	From my perspective, I had to be aware about it — aware of any obligations or notes or debt service costs, et cetera, but to the extent that I was aware and knew that it was de minimis, I didn't spend any time focusing on it, studying it, calculating it exactly, or anything like that. Having said that, we are highly compliant. We do — we did audits every year with reputable accounting firms that were complete and in depth. And any obligations and/or assets, de minimis or not, in my view,	2 3 4 5 6 7 8 9 10 11 12 13 14	complete answer regarding a myriad of ways you've asked me kind of the same structural questions. Q. I am, and just to be clear, I'm asking kind of the same structural questions with respect to each of the entities at issue. I think you picked up on that. I hope you don't think I'm being repetitive. You mentioned Frank and his group in the context of HCMS. Did I hear that correctly? A. Yes. Q. Okay. HCMS did not have a shared	
3 4 5 6 7 8 9 10 11 12 13 14 15	From my perspective, I had to be aware about it – aware of any obligations or notes or debt service costs, et cetera, but to the extent that I was aware and knew that it was de minimis, I didn't spend any time focusing on it, studying it, calculating it exactly, or anything like that. Having said that, we are highly compliant. We do – we did audits every year with reputable accounting firms that were complete and in depth. And any obligations and/or assets, de minimis or not, in my view, would nonetheless have to be reflected or	2 3 4 5 6 7 8 9 10 11 12 13 14 15	complete answer regarding a myriad of ways you've asked me kind of the same structural questions. Q. I am, and just to be clear, I'm asking kind of the same structural questions with respect to each of the entities at issue. I think you picked up on that. I hope you don't think I'm being repetitive. You mentioned Frank and his group in the context of HCMS. Did I hear that correctly? A. Yes. Q. Okay. HCMS did not have a shared services agreement with Highland; correct?	
3 4 5 6 7 8 9 10 11 12 13 14 15 16	From my perspective, I had to be aware about it — aware of any obligations or notes or debt service costs, et cetera, but to the extent that I was aware and knew that it was de minimis, I didn't spend any time focusing on it, studying it, calculating it exactly, or anything like that. Having said that, we are highly compliant. We do — we did audits every year with reputable accounting firms that were complete and in depth. And any obligations and/or assets, de minimis or not, in my view, would nonetheless have to be reflected or captured accurately and prepared for the	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	complete answer regarding a myriad of ways you've asked me kind of the same structural questions. Q. I am, and just to be clear, I'm asking kind of the same structural questions with respect to each of the entities at issue. I think you picked up on that. I hope you don't think I'm being repetitive. You mentioned Frank and his group in the context of HCMS. Did I hear that correctly? A. Yes. Q. Okay. HCMS did not have a shared services agreement with Highland; correct? MS. DEITSCH-PEREZ: You mean a	
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	From my perspective, I had to be aware about it — aware of any obligations or notes or debt service costs, et cetera, but to the extent that I was aware and knew that it was de minimis, I didn't spend any time focusing on it, studying it, calculating it exactly, or anything like that. Having said that, we are highly compliant. We do — we did audits every year with reputable accounting firms that were complete and in depth. And any obligations and/or assets, de minimis or not, in my view, would nonetheless have to be reflected or captured accurately and prepared for the auditors in supplying, you know, detail or	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	complete answer regarding a myriad of ways you've asked me kind of the same structural questions. Q. I am, and just to be clear, I'm asking kind of the same structural questions with respect to each of the entities at issue. I think you picked up on that. I hope you don't think I'm being repetitive. You mentioned Frank and his group in the context of HCMS. Did I hear that correctly? A. Yes. Q. Okay. HCMS did not have a shared services agreement with Highland; correct? MS. DEITSCH-PEREZ: You mean a written shared services agreement, John?	
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	From my perspective, I had to be aware about it – aware of any obligations or notes or debt service costs, et cetera, but to the extent that I was aware and knew that it was de minimis, I didn't spend any time focusing on it, studying it, calculating it exactly, or anything like that. Having said that, we are highly compliant. We do – we did audits every year with reputable accounting firms that were complete and in depth. And any obligations and/or assets, de minimis or not, in my view, would nonetheless have to be reflected or captured accurately and prepared for the auditors in supplying, you know, detail or source documents or whatever, whatever they do	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	complete answer regarding a myriad of ways you've asked me kind of the same structural questions. Q. I am, and just to be clear, I'm asking kind of the same structural questions with respect to each of the entities at issue. I think you picked up on that. I hope you don't think I'm being repetitive. You mentioned Frank and his group in the context of HCMS. Did I hear that correctly? A. Yes. Q. Okay. HCMS did not have a shared services agreement with Highland; correct? MS. DEITSCH-PEREZ: You mean a written shared services agreement, John? Q. Do you understand the question, sir?	
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	From my perspective, I had to be aware about it — aware of any obligations or notes or debt service costs, et cetera, but to the extent that I was aware and knew that it was de minimis, I didn't spend any time focusing on it, studying it, calculating it exactly, or anything like that. Having said that, we are highly compliant. We do — we did audits every year with reputable accounting firms that were complete and in depth. And any obligations and/or assets, de minimis or not, in my view, would nonetheless have to be reflected or captured accurately and prepared for the auditors in supplying, you know, detail or source documents or whatever, whatever they do in accounting as part of the audit function.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	complete answer regarding a myriad of ways you've asked me kind of the same structural questions. Q. I am, and just to be clear, I'm asking kind of the same structural questions with respect to each of the entities at issue. I think you picked up on that. I hope you don't think I'm being repetitive. You mentioned Frank and his group in the context of HCMS. Did I hear that correctly? A. Yes. Q. Okay. HCMS did not have a shared services agreement with Highland; correct? MS. DEITSCH-PEREZ: You mean a written shared services agreement, John? Q. Do you understand the question, sir? A. Yeah. My answer would be the	
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	From my perspective, I had to be aware about it — aware of any obligations or notes or debt service costs, et cetera, but to the extent that I was aware and knew that it was de minimis, I didn't spend any time focusing on it, studying it, calculating it exactly, or anything like that. Having said that, we are highly compliant. We do — we did audits every year with reputable accounting firms that were complete and in depth. And any obligations and/or assets, de minimis or not, in my view, would nonetheless have to be reflected or captured accurately and prepared for the auditors in supplying, you know, detail or source documents or whatever, whatever they do in accounting as part of the audit function. And all that would have done — been	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	complete answer regarding a myriad of ways you've asked me kind of the same structural questions. Q. I am, and just to be clear, I'm asking kind of the same structural questions with respect to each of the entities at issue. I think you picked up on that. I hope you don't think I'm being repetitive. You mentioned Frank and his group in the context of HCMS. Did I hear that correctly? A. Yes. Q. Okay. HCMS did not have a shared services agreement with Highland; correct? MS. DEITSCH-PEREZ: You mean a written shared services agreement, John? Q. Do you understand the question, sir? A. Yeah. My answer would be the advisors like NexPoint and HFAM that had to	
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	From my perspective, I had to be aware about it — aware of any obligations or notes or debt service costs, et cetera, but to the extent that I was aware and knew that it was de minimis, I didn't spend any time focusing on it, studying it, calculating it exactly, or anything like that. Having said that, we are highly compliant. We do — we did audits every year with reputable accounting firms that were complete and in depth. And any obligations and/or assets, de minimis or not, in my view, would nonetheless have to be reflected or captured accurately and prepared for the auditors in supplying, you know, detail or source documents or whatever, whatever they do in accounting as part of the audit function. And all that would have done — been done exactly and expertly, as far as I know,	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	complete answer regarding a myriad of ways you've asked me kind of the same structural questions. Q. I am, and just to be clear, I'm asking kind of the same structural questions with respect to each of the entities at issue. I think you picked up on that. I hope you don't think I'm being repetitive. You mentioned Frank and his group in the context of HCMS. Did I hear that correctly? A. Yes. Q. Okay. HCMS did not have a shared services agreement with Highland; correct? MS. DEITSCH-PEREZ: You mean a written shared services agreement, John? Q. Do you understand the question, sir? A. Yeah. My answer would be the advisors like NexPoint and HFAM that had to have by law and regulatory statute have to have	
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	From my perspective, I had to be aware about it — aware of any obligations or notes or debt service costs, et cetera, but to the extent that I was aware and knew that it was de minimis, I didn't spend any time focusing on it, studying it, calculating it exactly, or anything like that. Having said that, we are highly compliant. We do — we did audits every year with reputable accounting firms that were complete and in depth. And any obligations and/or assets, de minimis or not, in my view, would nonetheless have to be reflected or captured accurately and prepared for the auditors in supplying, you know, detail or source documents or whatever, whatever they do in accounting as part of the audit function. And all that would have done — been done exactly and expertly, as far as I know, and it would have been done by Frank and his	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	complete answer regarding a myriad of ways you've asked me kind of the same structural questions. Q. I am, and just to be clear, I'm asking kind of the same structural questions with respect to each of the entities at issue. I think you picked up on that. I hope you don't think I'm being repetitive. You mentioned Frank and his group in the context of HCMS. Did I hear that correctly? A. Yes. Q. Okay. HCMS did not have a shared services agreement with Highland; correct? MS. DEITSCH-PEREZ: You mean a written shared services agreement, John? Q. Do you understand the question, sir? A. Yeah. My answer would be the advisors like NexPoint and HFAM that had to have by law and regulatory statute have to have formal sub advisors and shared services	
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	From my perspective, I had to be aware about it — aware of any obligations or notes or debt service costs, et cetera, but to the extent that I was aware and knew that it was de minimis, I didn't spend any time focusing on it, studying it, calculating it exactly, or anything like that. Having said that, we are highly compliant. We do — we did audits every year with reputable accounting firms that were complete and in depth. And any obligations and/or assets, de minimis or not, in my view, would nonetheless have to be reflected or captured accurately and prepared for the auditors in supplying, you know, detail or source documents or whatever, whatever they do in accounting as part of the audit function. And all that would have done — been done exactly and expertly, as far as I know, and it would have been done by Frank and his group.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	complete answer regarding a myriad of ways you've asked me kind of the same structural questions. Q. I am, and just to be clear, I'm asking kind of the same structural questions with respect to each of the entities at issue. I think you picked up on that. I hope you don't think I'm being repetitive. You mentioned Frank and his group in the context of HCMS. Did I hear that correctly? A. Yes. Q. Okay. HCMS did not have a shared services agreement with Highland; correct? MS. DEITSCH-PEREZ: You mean a written shared services agreement, John? Q. Do you understand the question, sir? A. Yeah. My answer would be the advisors like NexPoint and HFAM that had to have by law and regulatory statute have to have formal sub advisors and shared services agreements had formal shared services	
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	From my perspective, I had to be aware about it — aware of any obligations or notes or debt service costs, et cetera, but to the extent that I was aware and knew that it was de minimis, I didn't spend any time focusing on it, studying it, calculating it exactly, or anything like that. Having said that, we are highly compliant. We do — we did audits every year with reputable accounting firms that were complete and in depth. And any obligations and/or assets, de minimis or not, in my view, would nonetheless have to be reflected or captured accurately and prepared for the auditors in supplying, you know, detail or source documents or whatever, whatever they do in accounting as part of the audit function. And all that would have done — been done exactly and expertly, as far as I know, and it would have been done by Frank and his	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	complete answer regarding a myriad of ways you've asked me kind of the same structural questions. Q. I am, and just to be clear, I'm asking kind of the same structural questions with respect to each of the entities at issue. I think you picked up on that. I hope you don't think I'm being repetitive. You mentioned Frank and his group in the context of HCMS. Did I hear that correctly? A. Yes. Q. Okay. HCMS did not have a shared services agreement with Highland; correct? MS. DEITSCH-PEREZ: You mean a written shared services agreement, John? Q. Do you understand the question, sir? A. Yeah. My answer would be the advisors like NexPoint and HFAM that had to have by law and regulatory statute have to have formal sub advisors and shared services agreements had formal shared services	

	Dawa 226	1		Daga 227
1	Page 336 DONDERO - 10/29/21	1	DONDERO - 10/29/21	Page 337
2	formal written shared services agreements were	2	A. Yeah, yes, and early into '21, I	
3	often serviced similarly or – or exactly the	3	believe also.	
4	same as those entities, but without a written	4	Q. Okay. As – as part of the oral	
5	agreement, but with a verbal shared services	5	agreement that you referenced, was there was	
6	agreement providing, again, all the same	6	there ever an agreement that HCMS would pay any	
7	similar services.	7	money to Highland in exchange for the services	
8	And the entities that didn't have a	8	that Highland provided to it?	
9	written shared services agreement weren't	9	A. I do not believe there was a	
10	getting shared services or support from any	10	financial remuneration aspect of it.	
11	other entities other than Highland doing the	11	Q. Okay. And do you recall during your	
12	same thing for them that it did for the mutual	12	time as president of Highland whether Highland	
13	funds.	13	ever received payment from HCMS for services	
14	Q. Okay. Can you tell me who entered	14	rendered?	
15	into an oral shared services agreement between	15	MS. DEITSCH-PEREZ: And are we just	
16	Highland and HCMS?	16	talking about money?	
17	A. Boy, I can imagine way back in the	17	MR. MORRIS: Correct.	
18	day it would have been myself and Frank, but he	18	A. Yeah, I don't - I don't recall	
19	and his group understood and knew that they	19	moneys being well, you know what, let me	
20	were doing it for all the new entities that	20	let me clarify that a little bit.	
21	came along, and I can't imagine it was even	21	If there were any direct costs that	
22	talked about much over the years.	22	Highland would have incurred like getting the	
23	Q. Did – did HCMFA and NexPoint pay	23	audits done, you know, like if Price Waterhouse	
24	money to Highland under the shared services	24	said, okay, give us the details on, you know,	
25	agreement until let's just say late 2020?	25	all the different entities that roll up into	
'	J , , , , ,		l	
\vdash	D 000			D 000
1	Page 338 DONDERO - 10/29/21	1	DONDERO - 10/29/21	Page 339
1 2	DONDERO - 10/29/21	1 2		Page 339
۱ ـ	DONDERO - 10/29/21 the Highland entity.	-	the DAF wasn't paying a fee, along the way, to	Page 339
2	DONDERO - 10/29/21 the Highland entity. And then – and they prepared	2	the DAF wasn't paying a fee, along the way, to Highland for shared services, Highland got the	Page 339
2 3	DONDERO - 10/29/21 the Highland entity. And then – and they prepared statements or did work for services, Frank and	2 3	the DAF wasn't paying a fee, along the way, to	Page 339
2 3 4	DONDERO - 10/29/21 the Highland entity. And then – and they prepared statements or did work for services, Frank and his group would have passed through those costs	2 3 4	the DAF wasn't paying a fee, along the way, to Highland for shared services, Highland got the benefit of the track record that was being built at the DAF to then market to third	Page 339
2 3 4 5	DONDERO - 10/29/21 the Highland entity. And then – and they prepared statements or did work for services, Frank and his group would have passed through those costs and expected services and/or Dugaboy or any of	2 3 4 5	the DAF wasn't paying a fee, along the way, to Highland for shared services, Highland got the benefit of the track record that was being built at the DAF to then market to third parties, which then created a revenue stream	Page 339
2 3 4 5 6	DONDERO - 10/29/21 the Highland entity. And then – and they prepared statements or did work for services, Frank and his group would have passed through those costs and expected services and/or Dugaboy or any of the other entities to pay for direct	2 3 4 5 6	the DAF wasn't paying a fee, along the way, to Highland for shared services, Highland got the benefit of the track record that was being built at the DAF to then market to third parties, which then created a revenue stream for Highland down the road.	Page 339
2 3 4 5 6 7 8	DONDERO - 10/29/21 the Highland entity. And then – and they prepared statements or did work for services, Frank and his group would have passed through those costs and expected services and/or Dugaboy or any of the other entities to pay for direct out-of-pocket costs. But it wouldn't have paid	2 3 4 5 6 7 8	the DAF wasn't paying a fee, along the way, to Highland for shared services, Highland got the benefit of the track record that was being built at the DAF to then market to third parties, which then created a revenue stream for Highland down the road. And I would say that was the same	Page 339
2 3 4 5 6 7	DONDERO - 10/29/21 the Highland entity. And then — and they prepared statements or did work for services, Frank and his group would have passed through those costs and expected services and/or Dugaboy or any of the other entities to pay for direct out-of-pocket costs. But it wouldn't have paid a supplemental fee or profit or anything to	2 3 4 5 6 7	the DAF wasn't paying a fee, along the way, to Highland for shared services, Highland got the benefit of the track record that was being built at the DAF to then market to third parties, which then created a revenue stream for Highland down the road.	Page 339
2 3 4 5 6 7 8 9	DONDERO - 10/29/21 the Highland entity. And then – and they prepared statements or did work for services, Frank and his group would have passed through those costs and expected services and/or Dugaboy or any of the other entities to pay for direct out-of-pocket costs. But it wouldn't have paid a supplemental fee or profit or anything to Highland.	2 3 4 5 6 7 8 9	the DAF wasn't paying a fee, along the way, to Highland for shared services, Highland got the benefit of the track record that was being built at the DAF to then market to third parties, which then created a revenue stream for Highland down the road. And I would say that was the same intent on Services. Q. Is there anything – anything else	Page 339
2 3 4 5 6 7 8 9 10	DONDERO - 10/29/21 the Highland entity. And then – and they prepared statements or did work for services, Frank and his group would have passed through those costs and expected services and/or Dugaboy or any of the other entities to pay for direct out-of-pocket costs. But it wouldn't have paid a supplemental fee or profit or anything to Highland. Q. Okay. To the best of your	2 3 4 5 6 7 8 9 10	the DAF wasn't paying a fee, along the way, to Highland for shared services, Highland got the benefit of the track record that was being built at the DAF to then market to third parties, which then created a revenue stream for Highland down the road. And I would say that was the same intent on Services. Q. Is there anything – anything else of value that you believe HCMS provided to	Page 339
2 3 4 5 6 7 8 9 10 11	DONDERO - 10/29/21 the Highland entity. And then — and they prepared statements or did work for services, Frank and his group would have passed through those costs and expected services and/or Dugaboy or any of the other entities to pay for direct out-of-pocket costs. But it wouldn't have paid a supplemental fee or profit or anything to Highland. Q. Okay. To the best of your recollection, during the time that you were	2 3 4 5 6 7 8 9	the DAF wasn't paying a fee, along the way, to Highland for shared services, Highland got the benefit of the track record that was being built at the DAF to then market to third parties, which then created a revenue stream for Highland down the road. And I would say that was the same intent on Services. Q. Is there anything – anything else of value that you believe HCMS provided to Highland in exchange for the services that	Page 339
2 3 4 5 6 7 8 9 10 11 12	DONDERO - 10/29/21 the Highland entity. And then – and they prepared statements or did work for services, Frank and his group would have passed through those costs and expected services and/or Dugaboy or any of the other entities to pay for direct out-of-pocket costs. But it wouldn't have paid a supplemental fee or profit or anything to Highland. Q. Okay. To the best of your recollection, during the time that you were president of Highland, did Highland ever	2 3 4 5 6 7 8 9 10 11 12 13	the DAF wasn't paying a fee, along the way, to Highland for shared services, Highland got the benefit of the track record that was being built at the DAF to then market to third parties, which then created a revenue stream for Highland down the road. And I would say that was the same intent on Services. Q. Is there anything – anything else of value that you believe HCMS provided to Highland in exchange for the services that Highland rendered?	Page 339
2 3 4 5 6 7 8 9 10 11 12 13	DONDERO - 10/29/21 the Highland entity. And then – and they prepared statements or did work for services, Frank and his group would have passed through those costs and expected services and/or Dugaboy or any of the other entities to pay for direct out-of-pocket costs. But it wouldn't have paid a supplemental fee or profit or anything to Highland. Q. Okay. To the best of your recollection, during the time that you were president of Highland, did Highland ever receive anything of value from HCMS on account	2 3 4 5 6 7 8 9 10 11 12 13 14	the DAF wasn't paying a fee, along the way, to Highland for shared services, Highland got the benefit of the track record that was being built at the DAF to then market to third parties, which then created a revenue stream for Highland down the road. And I would say that was the same intent on Services. Q. Is there anything – anything else of value that you believe HCMS provided to Highland in exchange for the services that Highland rendered? A. That would be primarily it. I would	Page 339
2 3 4 5 6 7 8 9 10 11 12 13 14	DONDERO - 10/29/21 the Highland entity. And then — and they prepared statements or did work for services, Frank and his group would have passed through those costs and expected services and/or Dugaboy or any of the other entities to pay for direct out-of-pocket costs. But it wouldn't have paid a supplemental fee or profit or anything to Highland. Q. Okay. To the best of your recollection, during the time that you were president of Highland, did Highland ever receive anything of value from HCMS on account of services other than the reimbursement of	2 3 4 5 6 7 8 9 10 11 12 13	the DAF wasn't paying a fee, along the way, to Highland for shared services, Highland got the benefit of the track record that was being built at the DAF to then market to third parties, which then created a revenue stream for Highland down the road. And I would say that was the same intent on Services. Q. Is there anything – anything else of value that you believe HCMS provided to Highland in exchange for the services that Highland rendered? A. That would be primarily it. I would say there is probably times where Services	Page 339
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	DONDERO - 10/29/21 the Highland entity. And then – and they prepared statements or did work for services, Frank and his group would have passed through those costs and expected services and/or Dugaboy or any of the other entities to pay for direct out-of-pocket costs. But it wouldn't have paid a supplemental fee or profit or anything to Highland. Q. Okay. To the best of your recollection, during the time that you were president of Highland, did Highland ever receive anything of value from HCMS on account of services other than the reimbursement of out-of-pocket expenses?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	the DAF wasn't paying a fee, along the way, to Highland for shared services, Highland got the benefit of the track record that was being built at the DAF to then market to third parties, which then created a revenue stream for Highland down the road. And I would say that was the same intent on Services. Q. Is there anything — anything else of value that you believe HCMS provided to Highland in exchange for the services that Highland rendered? A. That would be primarily it. I would say there is probably times where Services provided liquidity for Highland or helped on	Page 339
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	DONDERO - 10/29/21 the Highland entity. And then — and they prepared statements or did work for services, Frank and his group would have passed through those costs and expected services and/or Dugaboy or any of the other entities to pay for direct out-of-pocket costs. But it wouldn't have paid a supplemental fee or profit or anything to Highland. Q. Okay. To the best of your recollection, during the time that you were president of Highland, did Highland ever receive anything of value from HCMS on account of services other than the reimbursement of out-of-pocket expenses? A. Yeah, I'm going to go back to my	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	the DAF wasn't paying a fee, along the way, to Highland for shared services, Highland got the benefit of the track record that was being built at the DAF to then market to third parties, which then created a revenue stream for Highland down the road. And I would say that was the same intent on Services. Q. Is there anything – anything else of value that you believe HCMS provided to Highland in exchange for the services that Highland rendered? A. That would be primarily it. I would say there is probably times where Services provided liquidity for Highland or helped on investments that Highland was involved in, but	Page 339
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	the Highland entity. And then – and they prepared statements or did work for services, Frank and his group would have passed through those costs and expected services and/or Dugaboy or any of the other entities to pay for direct out-of-pocket costs. But it wouldn't have paid a supplemental fee or profit or anything to Highland. Q. Okay. To the best of your recollection, during the time that you were president of Highland, did Highland ever receive anything of value from HCMS on account of services other than the reimbursement of out-of-pocket expenses? A. Yeah, I'm going to go back to my comment in terms of building track record. And	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	the DAF wasn't paying a fee, along the way, to Highland for shared services, Highland got the benefit of the track record that was being built at the DAF to then market to third parties, which then created a revenue stream for Highland down the road. And I would say that was the same intent on Services. Q. Is there anything – anything else of value that you believe HCMS provided to Highland in exchange for the services that Highland rendered? A. That would be primarily it. I would say there is probably times where Services provided liquidity for Highland or helped on investments that Highland was involved in, but I would have to refresh myself on exactly what.	Page 339
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	the Highland entity. And then – and they prepared statements or did work for services, Frank and his group would have passed through those costs and expected services and/or Dugaboy or any of the other entities to pay for direct out-of-pocket costs. But it wouldn't have paid a supplemental fee or profit or anything to Highland. Q. Okay. To the best of your recollection, during the time that you were president of Highland, did Highland ever receive anything of value from HCMS on account of services other than the reimbursement of out-of-pocket expenses? A. Yeah, I'm going to go back to my comment in terms of building track record. And I would use – yeah, we had done it several	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	the DAF wasn't paying a fee, along the way, to Highland for shared services, Highland got the benefit of the track record that was being built at the DAF to then market to third parties, which then created a revenue stream for Highland down the road. And I would say that was the same intent on Services. Q. Is there anything – anything else of value that you believe HCMS provided to Highland in exchange for the services that Highland rendered? A. That would be primarily it. I would say there is probably times where Services provided liquidity for Highland or helped on investments that Highland was involved in, but I would have to refresh myself on exactly what. Q. Is it fair to say that HCMF – HCMS	Page 339
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	the Highland entity. And then – and they prepared statements or did work for services, Frank and his group would have passed through those costs and expected services and/or Dugaboy or any of the other entities to pay for direct out-of-pocket costs. But it wouldn't have paid a supplemental fee or profit or anything to Highland. Q. Okay. To the best of your recollection, during the time that you were president of Highland, did Highland ever receive anything of value from HCMS on account of services other than the reimbursement of out-of-pocket expenses? A. Yeah, I'm going to go back to my comment in terms of building track record. And I would use – yeah, we had done it several times in the past and it had worked	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	the DAF wasn't paying a fee, along the way, to Highland for shared services, Highland got the benefit of the track record that was being built at the DAF to then market to third parties, which then created a revenue stream for Highland down the road. And I would say that was the same intent on Services. Q. Is there anything – anything else of value that you believe HCMS provided to Highland in exchange for the services that Highland rendered? A. That would be primarily it. I would say there is probably times where Services provided liquidity for Highland or helped on investments that Highland was involved in, but I would have to refresh myself on exactly what. Q. Is it fair to say that HCMF – HCMS never provided a revenue stream to Highland	Page 339
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	the Highland entity. And then – and they prepared statements or did work for services, Frank and his group would have passed through those costs and expected services and/or Dugaboy or any of the other entities to pay for direct out-of-pocket costs. But it wouldn't have paid a supplemental fee or profit or anything to Highland. Q. Okay. To the best of your recollection, during the time that you were president of Highland, did Highland ever receive anything of value from HCMS on account of services other than the reimbursement of out-of-pocket expenses? A. Yeah, I'm going to go back to my comment in terms of building track record. And I would use – yeah, we had done it several times in the past and it had worked effectively. And that is – you know, yeah, I	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	the DAF wasn't paying a fee, along the way, to Highland for shared services, Highland got the benefit of the track record that was being built at the DAF to then market to third parties, which then created a revenue stream for Highland down the road. And I would say that was the same intent on Services. Q. Is there anything – anything else of value that you believe HCMS provided to Highland in exchange for the services that Highland rendered? A. That would be primarily it. I would say there is probably times where Services provided liquidity for Highland or helped on investments that Highland was involved in, but I would have to refresh myself on exactly what. Q. Is it fair to say that HCMF – HCMS never provided a revenue stream to Highland similar to the revenue stream that was provided	Page 339
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	the Highland entity. And then – and they prepared statements or did work for services, Frank and his group would have passed through those costs and expected services and/or Dugaboy or any of the other entities to pay for direct out-of-pocket costs. But it wouldn't have paid a supplemental fee or profit or anything to Highland. Q. Okay. To the best of your recollection, during the time that you were president of Highland, did Highland ever receive anything of value from HCMS on account of services other than the reimbursement of out-of-pocket expenses? A. Yeah, I'm going to go back to my comment in terms of building track record. And I would use – yeah, we had done it several times in the past and it had worked effectively. And that is – you know, yeah, I mean, the – the track record in CLO paper was	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	the DAF wasn't paying a fee, along the way, to Highland for shared services, Highland got the benefit of the track record that was being built at the DAF to then market to third parties, which then created a revenue stream for Highland down the road. And I would say that was the same intent on Services. Q. Is there anything – anything else of value that you believe HCMS provided to Highland in exchange for the services that Highland rendered? A. That would be primarily it. I would say there is probably times where Services provided liquidity for Highland or helped on investments that Highland was involved in, but I would have to refresh myself on exactly what. Q. Is it fair to say that HCMF – HCMS never provided a revenue stream to Highland similar to the revenue stream that was provided by HCMFA and NexPoint under the shared services	Page 339
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	the Highland entity. And then – and they prepared statements or did work for services, Frank and his group would have passed through those costs and expected services and/or Dugaboy or any of the other entities to pay for direct out-of-pocket costs. But it wouldn't have paid a supplemental fee or profit or anything to Highland. Q. Okay. To the best of your recollection, during the time that you were president of Highland, did Highland ever receive anything of value from HCMS on account of services other than the reimbursement of out-of-pocket expenses? A. Yeah, I'm going to go back to my comment in terms of building track record. And I would use – yeah, we had done it several times in the past and it had worked effectively. And that is – you know, yeah, I mean, the – the track record in CLO paper was what was used to track – (inaudible) – as an	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	the DAF wasn't paying a fee, along the way, to Highland for shared services, Highland got the benefit of the track record that was being built at the DAF to then market to third parties, which then created a revenue stream for Highland down the road. And I would say that was the same intent on Services. Q. Is there anything – anything else of value that you believe HCMS provided to Highland in exchange for the services that Highland rendered? A. That would be primarily it. I would say there is probably times where Services provided liquidity for Highland or helped on investments that Highland was involved in, but I would have to refresh myself on exactly what. Q. Is it fair to say that HCMF – HCMS never provided a revenue stream to Highland similar to the revenue stream that was provided by HCMFA and NexPoint under the shared services agreements?	Page 339
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	the Highland entity. And then – and they prepared statements or did work for services, Frank and his group would have passed through those costs and expected services and/or Dugaboy or any of the other entities to pay for direct out-of-pocket costs. But it wouldn't have paid a supplemental fee or profit or anything to Highland. Q. Okay. To the best of your recollection, during the time that you were president of Highland, did Highland ever receive anything of value from HCMS on account of services other than the reimbursement of out-of-pocket expenses? A. Yeah, I'm going to go back to my comment in terms of building track record. And I would use – yeah, we had done it several times in the past and it had worked effectively. And that is – you know, yeah, I mean, the – the track record in CLO paper was	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	the DAF wasn't paying a fee, along the way, to Highland for shared services, Highland got the benefit of the track record that was being built at the DAF to then market to third parties, which then created a revenue stream for Highland down the road. And I would say that was the same intent on Services. Q. Is there anything – anything else of value that you believe HCMS provided to Highland in exchange for the services that Highland rendered? A. That would be primarily it. I would say there is probably times where Services provided liquidity for Highland or helped on investments that Highland was involved in, but I would have to refresh myself on exactly what. Q. Is it fair to say that HCMF – HCMS never provided a revenue stream to Highland similar to the revenue stream that was provided by HCMFA and NexPoint under the shared services	Page 339

D 040	I	D 044
Page 340 1 DONDERO - 10/29/21	1 DONDERO - 10/29/21	Page 341
2 withdrawn.	2 former Highland employee who served as an	
3 Did anybody at HCMS ever have the	3 officer of HCMS at any time?	
4 responsibility for familiarizing themselves	4 A. No, I would need to be refreshed.	
5 with HCMS' debts and obligations?	5 Q. Okay. Can you identify –	
6 MS. DEITSCH-PEREZ: Object to the	6 withdrawn. Let's go to the last one, HCRE.	
7 form.	7 Are you familiar with an entity	
8 A. Frank and his team, as part of	8 called HCRE Partners, LLC?	
9 preparing the audited financials for all the	9 A. Yes.	
10 entities, would have definitively been aware of	10 Q. And is that entity now known as	
11 all of them. Who else on the services	11 NexPoint Real Estate Partners, LLC?	
12 incumbency certificate or – would be aware or	12 A. You know what, I do believe it had a	
13 have knowledge, I don't know.	13 name change. I don't know if that is the name	
14 Q. Okay. And when you refer to "Frank	14 change, but that would make sense.	
15 and his team," are any of them acting as an	15 Q. Okay. Can we just refer to that	
16 officer or employee of HCMS in what you are	16 entity as HCRE?	
17 thinking about?	17 A. That is fine.	
18 A. I – I don't know. I don't know.	18 Q. Okay. Do you have any direct or	
19 Did – we haven't – have we looked at the	19 indirect ownership interest in HCRE?	
	·	
20 incumbency certificate for services?21 Q. No.		
	, ,	
22 A. I don't know. I don't know off the	22 best of your knowledge?23 A. Yes.	
23 top of my head.		
24 Q. Okay. Let's just finish this up.	24 Q. Do you control HCRE?	
25 Can you identify any current or	25 A. Yes.	
		Page 343
Page 342	4 DONDEDO 40/00/04	rage 343
1 DONDERO - 10/29/21	1 DONDERO - 10/29/21	rage 545
1 DONDERO - 10/29/21 2 Q. Have you controlled HCRE throughout	2 has ever been given the responsibility –	rage 040
1 DONDERO - 10/29/21 2 Q. Have you controlled HCRE throughout 3 its corporate existence?	2 has ever been given the responsibility –3 withdrawn.	rage 545
1 DONDERO - 10/29/21 2 Q. Have you controlled HCRE throughout 3 its corporate existence? 4 A. Yes.	 2 has ever been given the responsibility – 3 withdrawn. 4 Do you know whether anybody has ever 	raye 545
1 DONDERO - 10/29/21 2 Q. Have you controlled HCRE throughout 3 its corporate existence? 4 A. Yes. 5 Q. Can you tell me what the nature of	 2 has ever been given the responsibility – 3 withdrawn. 4 Do you know whether anybody has ever 5 had the responsibility for familiarizing 	rage 343
1 DONDERO - 10/29/21 2 Q. Have you controlled HCRE throughout 3 its corporate existence? 4 A. Yes. 5 Q. Can you tell me what the nature of 6 HCRE's business is?	 2 has ever been given the responsibility – 3 withdrawn. 4 Do you know whether anybody has ever 5 had the responsibility for familiarizing 6 themselves with the debts and obligations of 	raye 545
1 DONDERO - 10/29/21 2 Q. Have you controlled HCRE throughout 3 its corporate existence? 4 A. Yes. 5 Q. Can you tell me what the nature of 6 HCRE's business is? 7 A. It makes real estate investments.	 2 has ever been given the responsibility – 3 withdrawn. 4 Do you know whether anybody has ever 5 had the responsibility for familiarizing 6 themselves with the debts and obligations of 7 HCRE? 	rage 343
1 DONDERO - 10/29/21 2 Q. Have you controlled HCRE throughout 3 its corporate existence? 4 A. Yes. 5 Q. Can you tell me what the nature of 6 HCRE's business is? 7 A. It makes real estate investments. 8 Q. Do you have a title with that	 2 has ever been given the responsibility – 3 withdrawn. 4 Do you know whether anybody has ever 5 had the responsibility for familiarizing 6 themselves with the debts and obligations of 7 HCRE? 8 A. It would be the same answer as given 	rage 343
DONDERO - 10/29/21 Q. Have you controlled HCRE throughout its corporate existence? A. Yes. Q. Can you tell me what the nature of HCRE's business is? A. It makes real estate investments. Q. Do you have a title with that ending in the real estate investments.	 2 has ever been given the responsibility – 3 withdrawn. 4 Do you know whether anybody has ever 5 had the responsibility for familiarizing 6 themselves with the debts and obligations of 7 HCRE? 8 A. It would be the same answer as given 9 on the other entities. It would be the 	rage 343
1 DONDERO - 10/29/21 2 Q. Have you controlled HCRE throughout 3 its corporate existence? 4 A. Yes. 5 Q. Can you tell me what the nature of 6 HCRE's business is? 7 A. It makes real estate investments. 8 Q. Do you have a title with that 9 entity? 10 A. I don't know, but I'm willing to be	 2 has ever been given the responsibility – 3 withdrawn. 4 Do you know whether anybody has ever 5 had the responsibility for familiarizing 6 themselves with the debts and obligations of 7 HCRE? 8 A. It would be the same answer as given 9 on the other entities. It would be the 10 treasurer, which is probably Frank. And if not 	rage 343
1 DONDERO - 10/29/21 2 Q. Have you controlled HCRE throughout 3 its corporate existence? 4 A. Yes. 5 Q. Can you tell me what the nature of 6 HCRE's business is? 7 A. It makes real estate investments. 8 Q. Do you have a title with that 9 entity? 10 A. I don't know, but I'm willing to be 11 refreshed. And I assume its incumbency	 2 has ever been given the responsibility – 3 withdrawn. 4 Do you know whether anybody has ever 5 had the responsibility for familiarizing 6 themselves with the debts and obligations of 7 HCRE? 8 A. It would be the same answer as given 9 on the other entities. It would be the 10 treasurer, which is probably Frank. And if not 11 the treasurer it would be Frank in his role and 	rage 343
1 DONDERO - 10/29/21 2 Q. Have you controlled HCRE throughout 3 its corporate existence? 4 A. Yes. 5 Q. Can you tell me what the nature of 6 HCRE's business is? 7 A. It makes real estate investments. 8 Q. Do you have a title with that 9 entity? 10 A. I don't know, but I'm willing to be 11 refreshed. And I assume its incumbency 12 certificate looks similar to the ones that you	 2 has ever been given the responsibility – 3 withdrawn. 4 Do you know whether anybody has ever 5 had the responsibility for familiarizing 6 themselves with the debts and obligations of 7 HCRE? 8 A. It would be the same answer as given 9 on the other entities. It would be the 10 treasurer, which is probably Frank. And if not 11 the treasurer it would be Frank in his role and 12 his team of putting together the complete and 	rage 343
DONDERO - 10/29/21 Q. Have you controlled HCRE throughout its corporate existence? A. Yes. Q. Can you tell me what the nature of HCRE's business is? A. It makes real estate investments. Q. Do you have a title with that entity? A. I don't know, but I'm willing to be refreshed. And I assume its incumbency certificate looks similar to the ones that you have put up.	2 has ever been given the responsibility – 3 withdrawn. 4 Do you know whether anybody has ever 5 had the responsibility for familiarizing 6 themselves with the debts and obligations of 7 HCRE? 8 A. It would be the same answer as given 9 on the other entities. It would be the 10 treasurer, which is probably Frank. And if not 11 the treasurer it would be Frank in his role and 12 his team of putting together the complete and 13 accurate financials of HCRE.	rage 343
DONDERO - 10/29/21 Q. Have you controlled HCRE throughout its corporate existence? A. Yes. Q. Can you tell me what the nature of HCRE's business is? A. It makes real estate investments. Q. Do you have a title with that entity? A. I don't know, but I'm willing to be refreshed. And I assume its incumbency certificate looks similar to the ones that you have put up. Q. Can you identify for me today	 2 has ever been given the responsibility – 3 withdrawn. 4 Do you know whether anybody has ever 5 had the responsibility for familiarizing 6 themselves with the debts and obligations of 7 HCRE? 8 A. It would be the same answer as given 9 on the other entities. It would be the 10 treasurer, which is probably Frank. And if not 11 the treasurer it would be Frank in his role and 12 his team of putting together the complete and 13 accurate financials of HCRE. 14 Q. Other than putting together the 	rage 343
1 DONDERO - 10/29/21 2 Q. Have you controlled HCRE throughout 3 its corporate existence? 4 A. Yes. 5 Q. Can you tell me what the nature of 6 HCRE's business is? 7 A. It makes real estate investments. 8 Q. Do you have a title with that 9 entity? 10 A. I don't know, but I'm willing to be 11 refreshed. And I assume its incumbency 12 certificate looks similar to the ones that you 13 have put up. 14 Q. Can you identify for me today 15 anybody who has ever served as an officer of	 2 has ever been given the responsibility – 3 withdrawn. 4 Do you know whether anybody has ever 5 had the responsibility for familiarizing 6 themselves with the debts and obligations of 7 HCRE? 8 A. It would be the same answer as given 9 on the other entities. It would be the 10 treasurer, which is probably Frank. And if not 11 the treasurer it would be Frank in his role and 12 his team of putting together the complete and 13 accurate financials of HCRE. 14 Q. Other than putting together the 15 complete and accurate financials of HCRE, did 	rage 343
DONDERO - 10/29/21 Q. Have you controlled HCRE throughout its corporate existence? A. Yes. Q. Can you tell me what the nature of HCRE's business is? A. It makes real estate investments. Q. Do you have a title with that entity? A. I don't know, but I'm willing to be refreshed. And I assume its incumbency certificate looks similar to the ones that you have put up. Q. Can you identify for me today anybody who has ever served as an officer of HCRE at any time?	2 has ever been given the responsibility – 3 withdrawn. 4 Do you know whether anybody has ever 5 had the responsibility for familiarizing 6 themselves with the debts and obligations of 7 HCRE? 8 A. It would be the same answer as given 9 on the other entities. It would be the 10 treasurer, which is probably Frank. And if not 11 the treasurer it would be Frank in his role and 12 his team of putting together the complete and 13 accurate financials of HCRE. 14 Q. Other than putting together the 15 complete and accurate financials of HCRE, did 16 Frank and his team have any other	rage 343
DONDERO - 10/29/21 Q. Have you controlled HCRE throughout its corporate existence? A. Yes. Q. Can you tell me what the nature of HCRE's business is? A. It makes real estate investments. Q. Do you have a title with that entity? A. I don't know, but I'm willing to be refreshed. And I assume its incumbency certificate looks similar to the ones that you have put up. Q. Can you identify for me today anybody who has ever served as an officer of HCRE at any time? A. I would rather be refreshed. I	2 has ever been given the responsibility – 3 withdrawn. 4 Do you know whether anybody has ever 5 had the responsibility for familiarizing 6 themselves with the debts and obligations of 7 HCRE? 8 A. It would be the same answer as given 9 on the other entities. It would be the 10 treasurer, which is probably Frank. And if not 11 the treasurer it would be Frank in his role and 12 his team of putting together the complete and 13 accurate financials of HCRE. 14 Q. Other than putting together the 15 complete and accurate financials of HCRE, did 16 Frank and his team have any other 17 responsibility with respect to understanding	rage 343
DONDERO - 10/29/21 Q. Have you controlled HCRE throughout its corporate existence? A. Yes. Q. Can you tell me what the nature of HCRE's business is? A. It makes real estate investments. Q. Do you have a title with that entity? A. I don't know, but I'm willing to be refreshed. And I assume its incumbency certificate looks similar to the ones that you have put up. Q. Can you identify for me today anybody who has ever served as an officer of HCRE at any time? A. I would rather be refreshed. I would imagine myself and Matt McGraner are two	2 has ever been given the responsibility – 3 withdrawn. 4 Do you know whether anybody has ever 5 had the responsibility for familiarizing 6 themselves with the debts and obligations of 7 HCRE? 8 A. It would be the same answer as given 9 on the other entities. It would be the 10 treasurer, which is probably Frank. And if not 11 the treasurer it would be Frank in his role and 12 his team of putting together the complete and 13 accurate financials of HCRE. 14 Q. Other than putting together the 15 complete and accurate financials of HCRE, did 16 Frank and his team have any other 17 responsibility with respect to understanding 18 the debts and obligations of HCRE?	rage 343
DONDERO - 10/29/21 Q. Have you controlled HCRE throughout its corporate existence? A. Yes. Q. Can you tell me what the nature of HCRE's business is? A. It makes real estate investments. Q. Do you have a title with that entity? A. I don't know, but I'm willing to be refreshed. And I assume its incumbency certificate looks similar to the ones that you have put up. Q. Can you identify for me today anybody who has ever served as an officer of HCRE at any time? A. I would rather be refreshed. I would imagine myself and Matt McGraner are two of those people, but I don't know for sure.	 has ever been given the responsibility – withdrawn. Do you know whether anybody has ever had the responsibility for familiarizing themselves with the debts and obligations of HCRE? A. It would be the same answer as given on the other entities. It would be the treasurer, which is probably Frank. And if not the treasurer it would be Frank in his role and his team of putting together the complete and accurate financials of HCRE. Q. Other than putting together the complete and accurate financials of HCRE, did Frank and his team have any other responsibility with respect to understanding the debts and obligations of HCRE? MS. DEITSCH-PEREZ: Objection, form. 	rage 340
DONDERO - 10/29/21 Q. Have you controlled HCRE throughout its corporate existence? A. Yes. Q. Can you tell me what the nature of HCRE's business is? A. It makes real estate investments. Q. Do you have a title with that entity? A. I don't know, but I'm willing to be refreshed. And I assume its incumbency certificate looks similar to the ones that you have put up. Q. Can you identify for me today anybody who has ever served as an officer of HCRE at any time? A. I would rather be refreshed. I would imagine myself and Matt McGraner are two of those people, but I don't know for sure. Q. Okay. Without the incumbency	2 has ever been given the responsibility – 3 withdrawn. 4 Do you know whether anybody has ever 5 had the responsibility for familiarizing 6 themselves with the debts and obligations of 7 HCRE? 8 A. It would be the same answer as given 9 on the other entities. It would be the 10 treasurer, which is probably Frank. And if not 11 the treasurer it would be Frank in his role and 12 his team of putting together the complete and 13 accurate financials of HCRE. 14 Q. Other than putting together the 15 complete and accurate financials of HCRE, did 16 Frank and his team have any other 17 responsibility with respect to understanding 18 the debts and obligations of HCRE? 19 MS. DEITSCH-PEREZ: Objection, form. 20 A. Again, just the general overlay	rage 343
DONDERO - 10/29/21 Q. Have you controlled HCRE throughout its corporate existence? A. Yes. Q. Can you tell me what the nature of HCRE's business is? A. It makes real estate investments. Q. Do you have a title with that entity? A. I don't know, but I'm willing to be refreshed. And I assume its incumbency certificate looks similar to the ones that you have put up. Q. Can you identify for me today anybody who has ever served as an officer of HCRE at any time? A. I would rather be refreshed. I would imagine myself and Matt McGraner are two of those people, but I don't know for sure. Q. Okay. Without the incumbency certificates or other documentation, you are	2 has ever been given the responsibility – 3 withdrawn. 4 Do you know whether anybody has ever 5 had the responsibility for familiarizing 6 themselves with the debts and obligations of 7 HCRE? 8 A. It would be the same answer as given 9 on the other entities. It would be the 10 treasurer, which is probably Frank. And if not 11 the treasurer it would be Frank in his role and 12 his team of putting together the complete and 13 accurate financials of HCRE. 14 Q. Other than putting together the 15 complete and accurate financials of HCRE, did 16 Frank and his team have any other 17 responsibility with respect to understanding 18 the debts and obligations of HCRE? 19 MS. DEITSCH-PEREZ: Objection, form. 20 A. Again, just the general overlay 21 being that they were de minimis and – de	rage 340
DONDERO - 10/29/21 Q. Have you controlled HCRE throughout its corporate existence? A. Yes. Q. Can you tell me what the nature of HCRE's business is? A. It makes real estate investments. Q. Do you have a title with that entity? A. I don't know, but I'm willing to be refreshed. And I assume its incumbency certificate looks similar to the ones that you have put up. Q. Can you identify for me today anybody who has ever served as an officer of HCRE at any time? A. I would rather be refreshed. I would imagine myself and Matt McGraner are two of those people, but I don't know for sure. Q. Okay. Without the incumbency certificates or other documentation, you are not able to give me any names other than Mr. —	2 has ever been given the responsibility – 3 withdrawn. 4 Do you know whether anybody has ever 5 had the responsibility for familiarizing 6 themselves with the debts and obligations of 7 HCRE? 8 A. It would be the same answer as given 9 on the other entities. It would be the 10 treasurer, which is probably Frank. And if not 11 the treasurer it would be Frank in his role and 12 his team of putting together the complete and 13 accurate financials of HCRE. 14 Q. Other than putting together the 15 complete and accurate financials of HCRE, did 16 Frank and his team have any other 17 responsibility with respect to understanding 18 the debts and obligations of HCRE? 19 MS. DEITSCH-PEREZ: Objection, form. 20 A. Again, just the general overlay 21 being that they were de minimis and – de 22 minimus, and the service obligations were de	rage 545
DONDERO - 10/29/21 Q. Have you controlled HCRE throughout its corporate existence? A. Yes. Q. Can you tell me what the nature of HCRE's business is? A. It makes real estate investments. Q. Do you have a title with that entity? A. I don't know, but I'm willing to be refreshed. And I assume its incumbency certificate looks similar to the ones that you have put up. Q. Can you identify for me today anybody who has ever served as an officer of HCRE at any time? A. I would rather be refreshed. I would imagine myself and Matt McGraner are two of those people, but I don't know for sure. Q. Okay. Without the incumbency certificates or other documentation, you are not able to give me any names other than Mr. — other than you and Mr. McGraner; is that fair?	2 has ever been given the responsibility – 3 withdrawn. 4 Do you know whether anybody has ever 5 had the responsibility for familiarizing 6 themselves with the debts and obligations of 7 HCRE? 8 A. It would be the same answer as given 9 on the other entities. It would be the 10 treasurer, which is probably Frank. And if not 11 the treasurer it would be Frank in his role and 12 his team of putting together the complete and 13 accurate financials of HCRE. 14 Q. Other than putting together the 15 complete and accurate financials of HCRE, did 16 Frank and his team have any other 17 responsibility with respect to understanding 18 the debts and obligations of HCRE? 19 MS. DEITSCH-PEREZ: Objection, form. 20 A. Again, just the general overlay 21 being that they were de minimis and – de 22 minimus, and the service obligations were de 23 minimus relative to the value or operating	rage 340
DONDERO - 10/29/21 Q. Have you controlled HCRE throughout its corporate existence? A. Yes. Q. Can you tell me what the nature of HCRE's business is? A. It makes real estate investments. Q. Do you have a title with that entity? A. I don't know, but I'm willing to be refreshed. And I assume its incumbency certificate looks similar to the ones that you have put up. Q. Can you identify for me today anybody who has ever served as an officer of HCRE at any time? A. I would rather be refreshed. I would imagine myself and Matt McGraner are two of those people, but I don't know for sure. Q. Okay. Without the incumbency certificates or other documentation, you are not able to give me any names other than Mr. — other than you and Mr. McGraner; is that fair? A. That's correct.	2 has ever been given the responsibility – 3 withdrawn. 4 Do you know whether anybody has ever 5 had the responsibility for familiarizing 6 themselves with the debts and obligations of 7 HCRE? 8 A. It would be the same answer as given 9 on the other entities. It would be the 10 treasurer, which is probably Frank. And if not 11 the treasurer it would be Frank in his role and 12 his team of putting together the complete and 13 accurate financials of HCRE. 14 Q. Other than putting together the 15 complete and accurate financials of HCRE, did 16 Frank and his team have any other 17 responsibility with respect to understanding 18 the debts and obligations of HCRE? 19 MS. DEITSCH-PEREZ: Objection, form. 20 A. Again, just the general overlay 21 being that they were de minimis and – de 22 minimus, and the service obligations were de 23 minimus relative to the value or operating 24 income of the enterprise.	rage 340
DONDERO - 10/29/21 Q. Have you controlled HCRE throughout its corporate existence? A. Yes. Q. Can you tell me what the nature of HCRE's business is? A. It makes real estate investments. Q. Do you have a title with that entity? A. I don't know, but I'm willing to be refreshed. And I assume its incumbency certificate looks similar to the ones that you have put up. Q. Can you identify for me today anybody who has ever served as an officer of HCRE at any time? A. I would rather be refreshed. I would imagine myself and Matt McGraner are two of those people, but I don't know for sure. Q. Okay. Without the incumbency certificates or other documentation, you are not able to give me any names other than Mr. — other than you and Mr. McGraner; is that fair?	2 has ever been given the responsibility – 3 withdrawn. 4 Do you know whether anybody has ever 5 had the responsibility for familiarizing 6 themselves with the debts and obligations of 7 HCRE? 8 A. It would be the same answer as given 9 on the other entities. It would be the 10 treasurer, which is probably Frank. And if not 11 the treasurer it would be Frank in his role and 12 his team of putting together the complete and 13 accurate financials of HCRE. 14 Q. Other than putting together the 15 complete and accurate financials of HCRE, did 16 Frank and his team have any other 17 responsibility with respect to understanding 18 the debts and obligations of HCRE? 19 MS. DEITSCH-PEREZ: Objection, form. 20 A. Again, just the general overlay 21 being that they were de minimis and – de 22 minimus, and the service obligations were de 23 minimus relative to the value or operating	rage 340

Page 344	Page 345
2 material or material, they would have had more	2 30(b)(6) notices if we can.
3 focus. But they didn't deserve more focus.	3 MR. MORRIS: Can we put up a
4 Q. And so is it fair to say that you	4 document that has been marked as
5 didn't do anything to familiarize yourself with	5 Exhibit 47.
6 HCRE's debts and obligations?	6 (Exhibit 47 marked.)
7 MS. DEITSCH-PEREZ: Object to the	7 Q. Do you understand, Mr. Dondero, that
8 form.	8 you are here today in your individual capacity
3	
10 know, just a general awareness.	10 30(b)(6) witness for certain entities?
11 Q. Did you ever take any steps to	11 A. Yes, a little bit to my chagrin.
12 review the affiliate loans and obligations that	12 And I don't think you will see me again as a
13 were due between and among Highland and its	13 30(b)(6) witness, but yes.
14 affiliated companies?	14 Q. All right. Well, it wasn't my
15 A. Again, just generally.	15 choice, so let's just go through it quickly.
16 Q. What did you do?	16 Have you seen this document before,
17 A. Like I said, I had a general	17 sir?
18 awareness of them.	18 A. Yes.
19 Q. And did you receive from time to	19 Q. And do you understand that you are
20 time lists or information that specifically	20 here today in your capacity as NexPoint's
21 described the amounts that were due and owing	21 corporate representative?
22 from the affiliates to Highland?	22 A. Yes.
23 A. Yeah, from time to time the amounts,	23 Q. And do you understand that your
24 yes.	24 answers today in your capacity as NexPoint's
25 Q. Let's just quickly go to the	25 corporate representative will be binding on
Page 346	Page 347
1 DONDERO - 10/29/21	1 DONDERO - 10/29/21
2 NexPoint?	2 NexPoint's answer?
3 MS. DEITSCH-PEREZ: As qualified by	3 MS. DEITSCH-PEREZ: Again, subject
4 the objections that we made.	4 to our objection, but
5 MR. MORRIS: Sure.	5 A. Yeah, to the best I can.
6 A. I will do the best I can.	6 Q. Okay. The next topic concerns
7 Q. Thank you so much.	7 affirmative defenses.
8 MR. MORRIS: Can we go to the next	8 Do you see that?
9 page, please. The last page. The topics.	9 A. Yes.
10 Q. Okay. Have you seen these topics	10 Q. Do you have an understanding of what
11 before, sir?	11 an affirmative defense is?
12 A. Yes.	12 A. Yes.
13 Q. Okay. Do you see that we asked for	13 Q. What is your understanding of an
14 somebody to testify as to NexPoint's answer?	14 affirmative defense?
15 A. Yes.	15 A. I think it is those – phrase that
16 Q. Okay. Are you aware that	16 you see in most of our answers, the
17 NexPoint – are you aware that NexPoint filed	17 justification, estoppel, waiver, and then –
18 an answer to Highland's amended complaint?	18 and then there is some specific answers beyond
19 A. Yes.	19 that, I guess.
20 Q. And did you review NexPoint's answer	20 Q. Okay. Are you prepared –
,	21 MS. DEITSCH-PEREZ: John, I take it
21 at any time before today's deposition?	· ·
22 A. It was in the binder, I believe,	you will show him. He doesn't have to have
23 that you guys sent over.24 Q. I think that's right. Are you	23 them memorized.
174 U LIDIOK IDAIS DODE ATA VOLL	24 MR. MORRIS: No, of course not.
25 prepared to answer questions today about	25 MS. DEITSCH-PEREZ: So if you are

Page 249			Daga 240
Page 348	1	DONDERO - 10/29/21	Page 349
2 going to ask him, you will put it in front	2 are yo	u – do you have knowledge of the – of	
3 of him?	3 NexP	pint's use of the proceeds of the note?	
4 MR. MORRIS: Of course.	4 A.	Not specifically.	
5 MS. DEITSCH-PEREZ: Thank you.	5 Q.	All right. Maybe I will refresh	
6 Q. Are you prepared to testify today to	6 your r	ecollection later.	
7 the circumstances, communications, documents,	7	And then the last topic is discovery	
8 and facts concerning NexPoint's affirmative	8 reque	sts.	
9 defenses?	9	Do you see that?	
10 A. Yeah, to the best that I can.	10 A.	Yes.	
11 Q. Okay. Do you see Topic 3 concerns	11 Q	Are you prepared to testify today on	
12 the demand notes?	12 NexF	oint's behalf concerning Highland's	
13 A. Yes.	13 disco	very requests?	
14 Q. Okay. Are you prepared to testify	14 A.	To the best of my knowledge.	
15 about the demand notes, including with respect	15 Q		
16 to the specific issues identified in that	16 prepa	re for today's deposition?	
17 topic?	1	I met with Deborah.	
18 MS. DEITSCH-PEREZ: Again, subject	18 Q	When did you do that?	
19 to the objections, particularly I think	19 A.	A couple of days ago for a couple of	
20 with respect to use of the proceeds.	20 hours	, and a few days before that for a couple	
21 Q. We will get to that.	21 of hou		
22 Are you prepared to testify?	22 Q	How many times –	
23 A. I hope so.	23	MS. DEITSCH-PEREZ: Are you also	
24 Q. And – and I know that there is an	24 as	king about calls?	
25 objection there, but just a simple yes or no,	25	MR. MORRIS: I appreciate that.	
		• •	
Dama 250			Dogo 251
Page 350 1 DONDERO - 10/29/21	1	DONDERO - 10/29/21	Page 351
1 DONDERO - 10/29/21			Page 351
1 DONDERO - 10/29/21	2 of the	se meetings or phone calls who didn't	Page 351
1 DONDERO - 10/29/21 2 A. Yeah. There were a couple of phone 3 calls too.	2 of the	se meetings or phone calls who didn't ent you in your individual capacity?	Page 351
1 DONDERO - 10/29/21 2 A. Yeah. There were a couple of phone 3 calls too.	2 of thes 3 repres 4 A.	se meetings or phone calls who didn't	Page 351
 DONDERO - 10/29/21 A. Yeah. There were a couple of phone calls too. Q. How many times did you communicate 	2 of thes 3 repres 4 A. 5 Deboi	se meetings or phone calls who didn't sent you in your individual capacity? No. It was just – it was just	Page 351
1 DONDERO - 10/29/21 2 A. Yeah. There were a couple of phone 3 calls too. 4 Q. How many times did you communicate 5 with Deborah in preparation for today's 6 deposition?	2 of thes 3 repres 4 A. 5 Debot 6 Q.	se meetings or phone calls who didn't sent you in your individual capacity? No. It was just – it was just ah and I. Okay. Have you had a chance to	Page 351
1 DONDERO - 10/29/21 2 A. Yeah. There were a couple of phone 3 calls too. 4 Q. How many times did you communicate 5 with Deborah in preparation for today's 6 deposition? 7 A. A half dozen, maybe, you know.	2 of thes 3 repres 4 A. 5 Debot 6 Q.	se meetings or phone calls who didn't sent you in your individual capacity? No. It was just – it was just ah and I. Okay. Have you had a chance to or the transcript of Mr. Waterhouse's	Page 351
1 DONDERO - 10/29/21 2 A. Yeah. There were a couple of phone 3 calls too. 4 Q. How many times did you communicate 5 with Deborah in preparation for today's 6 deposition? 7 A. A half dozen, maybe, you know. 8 Q. How many times —	2 of thee 3 repres 4 A. 5 Deboi 6 Q. 7 review 8 depos	se meetings or phone calls who didn't sent you in your individual capacity? No. It was just — it was just sah and I. Okay. Have you had a chance to the transcript of Mr. Waterhouse's ition?	Page 351
1 DONDERO - 10/29/21 2 A. Yeah. There were a couple of phone 3 calls too. 4 Q. How many times did you communicate 5 with Deborah in preparation for today's 6 deposition? 7 A. A half dozen, maybe, you know. 8 Q. How many times —	2 of thes 3 repres 4 A. 5 Deboi 6 Q. 7 review 8 depos 9 A.	se meetings or phone calls who didn't sent you in your individual capacity? No. It was just – it was just ah and I. Okay. Have you had a chance to or the transcript of Mr. Waterhouse's	Page 351
1 DONDERO - 10/29/21 2 A. Yeah. There were a couple of phone 3 calls too. 4 Q. How many times did you communicate 5 with Deborah in preparation for today's 6 deposition? 7 A. A half dozen, maybe, you know. 8 Q. How many times — 9 A. You know, in-person and phone calls,	2 of thes 3 repres 4 A. 5 Deboi 6 Q. 7 review 8 depos 9 A.	se meetings or phone calls who didn't sent you in your individual capacity? No. It was just — it was just ah and I. Okay. Have you had a chance to the transcript of Mr. Waterhouse's ition? No. I haven't seen it yet. You haven't seen any portion of that	Page 351
1 DONDERO - 10/29/21 2 A. Yeah. There were a couple of phone 3 calls too. 4 Q. How many times did you communicate 5 with Deborah in preparation for today's 6 deposition? 7 A. A half dozen, maybe, you know. 8 Q. How many times — 9 A. You know, in-person and phone calls, 10 but	2 of thee 3 repres 4 A. 5 Debor 6 Q. 7 review 8 depos 9 A. 10 Q. 11 depos	se meetings or phone calls who didn't sent you in your individual capacity? No. It was just — it was just ah and I. Okay. Have you had a chance to the transcript of Mr. Waterhouse's ition? No. I haven't seen it yet. You haven't seen any portion of that	Page 351
1 DONDERO - 10/29/21 2 A. Yeah. There were a couple of phone 3 calls too. 4 Q. How many times did you communicate 5 with Deborah in preparation for today's 6 deposition? 7 A. A half dozen, maybe, you know. 8 Q. How many times — 9 A. You know, in-person and phone calls, 10 but 11 Q. How many times did you meet with her	2 of thes 3 repres 4 A. 5 Debot 6 Q. 7 review 8 depos 9 A. 10 Q. 11 depos 12 A.	se meetings or phone calls who didn't sent you in your individual capacity? No. It was just — it was just sah and I. Okay. Have you had a chance to the transcript of Mr. Waterhouse's ition? No. I haven't seen it yet. You haven't seen any portion of that sition?	Page 351
1 DONDERO - 10/29/21 2 A. Yeah. There were a couple of phone 3 calls too. 4 Q. How many times did you communicate 5 with Deborah in preparation for today's 6 deposition? 7 A. A half dozen, maybe, you know. 8 Q. How many times — 9 A. You know, in-person and phone calls, 10 but 11 Q. How many times did you meet with her 12 in-person?	2 of thes 3 repres 4 A. 5 Deboi 6 Q. 7 review 8 depos 9 A. 10 Q. 11 depos 12 A. 13 Q.	se meetings or phone calls who didn't sent you in your individual capacity? No. It was just — it was just ah and I. Okay. Have you had a chance to the transcript of Mr. Waterhouse's ition? No. I haven't seen it yet. You haven't seen any portion of that sition? No.	Page 351
DONDERO - 10/29/21 A. Yeah. There were a couple of phone calls too. Q. How many times did you communicate with Deborah in preparation for today's deposition? A. A half dozen, maybe, you know. Q. How many times — A. You know, in-person and phone calls, but Q. How many times did you meet with her in-person? A. Two, maybe three.	2 of thes 3 repres 4 A. 5 Deboi 6 Q. 7 review 8 depos 9 A. 10 Q. 11 depos 12 A. 13 Q.	se meetings or phone calls who didn't sent you in your individual capacity? No. It was just — it was just sah and I. Okay. Have you had a chance to the transcript of Mr. Waterhouse's ition? No. I haven't seen it yet. You haven't seen any portion of that sition? No. Are you aware of anything that the transcript of the properties of the transcript of the transcript of Mr. Waterhouse testified to in his deposition?	Page 351
DONDERO - 10/29/21 A. Yeah. There were a couple of phone calls too. Q. How many times did you communicate with Deborah in preparation for today's deposition? A. A half dozen, maybe, you know. Q. How many times — A. You know, in-person and phone calls, but Q. How many times did you meet with her in-person? A. Two, maybe three. A. Two, maybe three.	2 of thee 3 repres 4 A. 5 Debor 6 Q. 7 review 8 depos 9 A. 10 Q. 11 depos 12 A. 13 Q. 14 Mr. W	se meetings or phone calls who didn't sent you in your individual capacity? No. It was just — it was just ah and I. Okay. Have you had a chance to the transcript of Mr. Waterhouse's ition? No. I haven't seen it yet. You haven't seen any portion of that sition? No. Are you aware of anything that vaterhouse testified to in his deposition?	Page 351
DONDERO - 10/29/21 A. Yeah. There were a couple of phone calls too. Q. How many times did you communicate with Deborah in preparation for today's deposition? A. A half dozen, maybe, you know. Q. How many times — A. You know, in-person and phone calls, but Q. How many times did you meet with her in-person? A. Two, maybe three. A. Two, maybe three. A. Two, maybe three. The couple of phone is phone.	2 of thes 3 repres 4 A. 5 Debot 6 Q. 7 review 8 depos 9 A. 10 Q. 11 depos 12 A. 13 Q. 14 Mr. W. 15 A. 16 Q.	se meetings or phone calls who didn't sent you in your individual capacity? No. It was just — it was just ah and I. Okay. Have you had a chance to the transcript of Mr. Waterhouse's ition? No. I haven't seen it yet. You haven't seen any portion of that sition? No. Are you aware of anything that vaterhouse testified to in his deposition?	Page 351
DONDERO - 10/29/21 A. Yeah. There were a couple of phone calls too. Q. How many times did you communicate with Deborah in preparation for today's deposition? A. A half dozen, maybe, you know. Q. How many times A. You know, in-person and phone calls, but Q. How many times did you meet with her in-person? A. Two, maybe three. A. Two, maybe three. Q. And can you just tell me an estimate of the total time spent preparing for this deposition, inclusive of both the meetings and	2 of thes 3 representation 4 A. 5 Deboton 6 Q. 7 review 8 depose 9 A. 10 Q. 11 depose 12 A. 13 Q. 14 Mr. W. 15 A. 16 Q. 17 that M.	see meetings or phone calls who didn't sent you in your individual capacity? No. It was just — it was just ah and I. Okay. Have you had a chance to the transcript of Mr. Waterhouse's ition? No. I haven't seen it yet. You haven't seen any portion of that sition? No. Are you aware of anything that vaterhouse testified to in his deposition? No. You have no knowledge of anything for Waterhouse said last week in his	Page 351
DONDERO - 10/29/21 A. Yeah. There were a couple of phone calls too. Q. How many times did you communicate with Deborah in preparation for today's deposition? A. A half dozen, maybe, you know. Q. How many times — A. You know, in-person and phone calls, but Q. How many times did you meet with her in-person? A. Two, maybe three. A. Two, maybe three. A. Two, maybe three. deposition, inclusive of both the meetings and the phone calls? A. I don't know. Does it matter? I	2 of thes 3 representation 4 A. 5 Deboton 6 Q. 7 review 8 depose 9 A. 10 Q. 11 depose 12 A. 13 Q. 14 Mr. W. 15 A. 16 Q. 17 that M.	se meetings or phone calls who didn't sent you in your individual capacity? No. It was just — it was just ah and I. Okay. Have you had a chance to the transcript of Mr. Waterhouse's ition? No. I haven't seen it yet. You haven't seen any portion of that sition? No. Are you aware of anything that the value testified to in his deposition? No. You have no knowledge of anything for Waterhouse said last week in his sition; do I have that right?	Page 351
DONDERO - 10/29/21 A. Yeah. There were a couple of phone calls too. Q. How many times did you communicate with Deborah in preparation for today's deposition? A. A half dozen, maybe, you know. R. Q. How many times — A. You know, in-person and phone calls, but Q. How many times did you meet with her in-person? A. Two, maybe three. A. Two, maybe three. Q. And can you just tell me an estimate of the total time spent preparing for this deposition, inclusive of both the meetings and the phone calls? A. I don't know. Does it matter? I	2 of thes 3 repres 4 A. 5 Debot 6 Q. 7 review 8 depos 9 A. 10 Q. 11 depos 12 A. 13 Q. 14 Mr. W. 15 A. 16 Q. 17 that M. 18 depos	se meetings or phone calls who didn't sent you in your individual capacity? No. It was just — it was just ah and I. Okay. Have you had a chance to the transcript of Mr. Waterhouse's ition? No. I haven't seen it yet. You haven't seen any portion of that sition? No. Are you aware of anything that vaterhouse testified to in his deposition? No. You have no knowledge of anything fir. Waterhouse said last week in his sition; do I have that right? That's correct.	Page 351
DONDERO - 10/29/21 A. Yeah. There were a couple of phone calls too. Q. How many times did you communicate with Deborah in preparation for today's deposition? A. A half dozen, maybe, you know. Q. How many times — A. You know, in-person and phone calls, but Q. How many times did you meet with her in-person? A. Two, maybe three. A. Two, maybe three. Q. And can you just tell me an estimate of the total time spent preparing for this deposition, inclusive of both the meetings and the phone calls? A. I don't know. Does it matter? I mean, I don't know. I don't know, four hours, four hours.	2 of thes 3 repres 4 A. 5 Debot 6 Q. 7 review 8 depos 9 A. 10 Q. 11 depos 12 A. 13 Q. 14 Mr. W. 15 A. 16 Q. 17 that N. 18 depos 19 A.	see meetings or phone calls who didn't sent you in your individual capacity? No. It was just — it was just ah and I. Okay. Have you had a chance to the transcript of Mr. Waterhouse's ition? No. I haven't seen it yet. You haven't seen any portion of that sition? No. Are you aware of anything that vaterhouse testified to in his deposition? No. You have no knowledge of anything fir. Waterhouse said last week in his sition; do I have that right? That's correct. Okay. Do you have any knowledge as	Page 351
DONDERO - 10/29/21 A. Yeah. There were a couple of phone calls too. Q. How many times did you communicate with Deborah in preparation for today's deposition? A. A half dozen, maybe, you know. Q. How many times — A. You know, in-person and phone calls, but Q. How many times did you meet with her in-person? A. Two, maybe three. A. Two, maybe three. Q. And can you just tell me an estimate of the total time spent preparing for this deposition, inclusive of both the meetings and the phone calls? A. I don't know. Does it matter? I mean, I don't know. I don't know, four hours, output Don't know, Did anybody participate in	2 of thes 3 repres 4 A. 5 Debot 6 Q. 7 review 8 depos 9 A. 10 Q. 11 depos 12 A. 13 Q. 14 Mr. W. 15 A. 16 Q. 17 that M. 18 depos 19 A. 20 Q. 21 to any	see meetings or phone calls who didn't sent you in your individual capacity? No. It was just — it was just ah and I. Okay. Have you had a chance to the transcript of Mr. Waterhouse's ition? No. I haven't seen it yet. You haven't seen any portion of that sition? No. Are you aware of anything that therhouse testified to in his deposition? No. You have no knowledge of anything fir. Waterhouse said last week in his sition; do I have that right? That's correct. Okay. Do you have any knowledge as thing your sister said in her deposition?	Page 351
DONDERO - 10/29/21 A. Yeah. There were a couple of phone calls too. Q. How many times did you communicate with Deborah in preparation for today's deposition? A. A half dozen, maybe, you know. Q. How many times — A. You know, in-person and phone calls, but Q. How many times did you meet with her in-person? A. Two, maybe three. Q. And can you just tell me an estimate of the total time spent preparing for this deposition, inclusive of both the meetings and the phone calls? A. I don't know. Does it matter? I mean, I don't know. I don't know, four hours, four hours. Q. Okay. Did anybody participate in these meetings or phone calls other than your	2 of thes 3 repres 4 A. 5 Debot 6 Q. 7 review 8 depos 9 A. 10 Q. 11 depos 12 A. 13 Q. 14 Mr. W. 15 A. 16 Q. 17 that M. 18 depos 19 A. 20 Q. 21 to any 22 A.	se meetings or phone calls who didn't sent you in your individual capacity? No. It was just — it was just ah and I. Okay. Have you had a chance to the transcript of Mr. Waterhouse's ition? No. I haven't seen it yet. You haven't seen any portion of that sition? No. Are you aware of anything that vaterhouse testified to in his deposition? No. You have no knowledge of anything fr. Waterhouse said last week in his sition; do I have that right? That's correct. Okay. Do you have any knowledge as thing your sister said in her deposition?	Page 351
1 DONDERO - 10/29/21 2 A. Yeah. There were a couple of phone 3 calls too. 4 Q. How many times did you communicate 5 with Deborah in preparation for today's 6 deposition? 7 A. A half dozen, maybe, you know. 8 Q. How many times — 9 A. You know, in-person and phone calls, 10 but 11 Q. How many times did you meet with her 12 in-person? 13 A. Two, maybe three. 14 Q. And can you just tell me an estimate 15 of the total time spent preparing for this 16 deposition, inclusive of both the meetings and 17 the phone calls? 18 A. I don't know. Does it matter? I 19 mean, I don't know. I don't know, four hours, 20 four hours. 21 Q. Okay. Did anybody participate in 22 these meetings or phone calls other than your 23 lawyers?	2 of thes 3 repres 4 A. 5 Debot 6 Q. 7 review 8 depos 9 A. 10 Q. 11 depos 12 A. 13 Q. 14 Mr. W. 15 A. 16 Q. 17 that M. 18 depos 19 A. 20 Q. 21 to any 22 A. 23 over.	see meetings or phone calls who didn't sent you in your individual capacity? No. It was just — it was just ah and I. Okay. Have you had a chance to withe transcript of Mr. Waterhouse's ition? No. I haven't seen it yet. You haven't seen any portion of that sition? No. Are you aware of anything that waterhouse testified to in his deposition? No. You have no knowledge of anything fr. Waterhouse said last week in his sition; do I have that right? That's correct. Okay. Do you have any knowledge as withing your sister said in her deposition? No, other than she is glad it is	Page 351
DONDERO - 10/29/21 A. Yeah. There were a couple of phone calls too. Q. How many times did you communicate with Deborah in preparation for today's deposition? A. A half dozen, maybe, you know. Q. How many times — A. You know, in-person and phone calls, but Q. How many times did you meet with her in-person? A. Two, maybe three. Q. And can you just tell me an estimate of the total time spent preparing for this deposition, inclusive of both the meetings and the phone calls? A. I don't know. Does it matter? I mean, I don't know. I don't know, four hours, four hours. Q. Okay. Did anybody participate in these meetings or phone calls other than your	2 of thes 3 representations of the second 6 Q. 7 review 8 deposes 9 A. 10 Q. 11 depose 12 A. 13 Q. 14 Mr. W. 15 A. 16 Q. 17 that M. 18 depose 19 A. 20 Q. 21 to any 22 A. 23 over. 24 Q. 24 Q. 25 depose 25 depose 26 depose 26 depose 26 depose 27 depose 27 depose 28	see meetings or phone calls who didn't sent you in your individual capacity? No. It was just — it was just ah and I. Okay. Have you had a chance to the transcript of Mr. Waterhouse's ition? No. I haven't seen it yet. You haven't seen any portion of that sition? No. Are you aware of anything that vaterhouse testified to in his deposition? No. You have no knowledge of anything fir. Waterhouse said last week in his sition; do I have that right? That's correct. Okay. Do you have any knowledge as withing your sister said in her deposition? No, other than she is glad it is	Page 351

Page 352 1 DONDERO - 10/29/21	1 DONDERO - 10/29/21	Page 353
2 Did – did you ever see her	2 deposition other than the stack that I provided	
3 transcript – the transcript from her	3 and the deposition notices?	
4 deposition?	4 A. I mean just – no, just a listing of	
5 A. No.	5 the notes, but that is it.	
6 Q. How about Mr. Seery, did you see the	6 Q. Did you see any emails at all in	
7 transcript from Mr. Seery's deposition?	7 connection with your preparation for today's	
8 A. I didn't even know that Seery was	8 deposition?	
9 deposed, so the answer is no.		
· ·	9 A. No, not a single email.	
10 Q. Okay. Are you aware that Dave Klos	10 MR. MORRIS: Okay. Let's put up	
11 was deposed?	11 Exhibit 48, please.	
12 A. You know what, I think I had	12 (Exhibit 48 marked.)	
13 awareness of that, but I haven't seen that	13 Q. And I think you will see that this	
14 deposition.	14 is the 30(b)(6) notice for HCMS. If we can go	
15 Q. Do you know anything about anything	15 to the next page. And it is really the same –	
16 that he testified to the other day?	16 I will represent to you that the topics for	
17 A. Nope.	17 HCMS are the same as the topics for NexPoint.	
18 Q. How about Kristin – Kristin	18 Have you seen HCMS's 30(b)(6) notice	
19 Hendrix, are you aware that she was deposed?	19 that is up on the screen right now?	
20 A. I think I heard that she was also.	20 A. Yes.	
21 Q. Do you know anything about anything	21 Q. And if we took the time – if I took	
22 that she testified to?	22 the time to ask you the same questions about	
23 A. No.	23 your ability to answer on behalf of HCMS –	
24 Q. Did you look at any documents to	24 HCMS with respect to the topics identified	
25 refresh your recollection in advance of this	25 there and subject to your counsel's objections,	
Page 354		Page 355
1 DONDERO - 10/29/21	1 DONDERO - 10/29/21	Page 355
	1 DONDERO - 10/29/21 2 amended complaint.	Page 355
1 DONDERO - 10/29/21		Page 355
1 DONDERO - 10/29/21 2 would you be able to do so?	2 amended complaint.	Page 355
1 DONDERO - 10/29/21 2 would you be able to do so? 3 A. Yes.	2 amended complaint.3 MS. DEITSCH-PEREZ: Is that in the	Page 355
1 DONDERO - 10/29/21 2 would you be able to do so? 3 A. Yes. 4 MR. MORRIS: Let's put up Exhibit	 2 amended complaint. 3 MS. DEITSCH-PEREZ: Is that in the 4 notebook? 	Page 355
 DONDERO - 10/29/21 would you be able to do so? A. Yes. MR. MORRIS: Let's put up Exhibit 49, please. 	 2 amended complaint. 3 MS. DEITSCH-PEREZ: Is that in the 4 notebook? 5 MR. MORRIS: No, no. This is one 	Page 355
 DONDERO - 10/29/21 would you be able to do so? A. Yes. MR. MORRIS: Let's put up Exhibit 49, please. (Exhibit 49 marked.) 	 2 amended complaint. 3 MS. DEITSCH-PEREZ: Is that in the 4 notebook? 5 MR. MORRIS: No, no. This is one 6 that we had – we had – 	Page 355
1 DONDERO - 10/29/21 2 would you be able to do so? 3 A. Yes. 4 MR. MORRIS: Let's put up Exhibit 5 49, please. 6 (Exhibit 49 marked.) 7 Q. And this is the 30(b)(6) notice for	 2 amended complaint. 3 MS. DEITSCH-PEREZ: Is that in the 4 notebook? 5 MR. MORRIS: No, no. This is one 6 that we had – we had – 7 MS. DEITSCH-PEREZ: All right. Hang 	Page 355
1 DONDERO - 10/29/21 2 would you be able to do so? 3 A. Yes. 4 MR. MORRIS: Let's put up Exhibit 5 49, please. 6 (Exhibit 49 marked.) 7 Q. And this is the 30(b)(6) notice for 8 HCRE. You're here today to testify on behalf 9 of HCRE as its corporate representative. Do	2 amended complaint. 3 MS. DEITSCH-PEREZ: Is that in the 4 notebook? 5 MR. MORRIS: No, no. This is one 6 that we had – we had – 7 MS. DEITSCH-PEREZ: All right. Hang 8 on. 9 MR. MORRIS: That's okay. That is	Page 355
1 DONDERO - 10/29/21 2 would you be able to do so? 3 A. Yes. 4 MR. MORRIS: Let's put up Exhibit 5 49, please. 6 (Exhibit 49 marked.) 7 Q. And this is the 30(b)(6) notice for 8 HCRE. You're here today to testify on behalf 9 of HCRE as its corporate representative. Do	2 amended complaint. 3 MS. DEITSCH-PEREZ: Is that in the 4 notebook? 5 MR. MORRIS: No, no. This is one 6 that we had – we had – 7 MS. DEITSCH-PEREZ: All right. Hang 8 on. 9 MR. MORRIS: That's okay. That is	Page 355
1 DONDERO - 10/29/21 2 would you be able to do so? 3 A. Yes. 4 MR. MORRIS: Let's put up Exhibit 5 49, please. 6 (Exhibit 49 marked.) 7 Q. And this is the 30(b)(6) notice for 8 HCRE. You're here today to testify on behalf 9 of HCRE as its corporate representative. Do 10 you understand that? 11 A. Yes.	2 amended complaint. 3 MS. DEITSCH-PEREZ: Is that in the 4 notebook? 5 MR. MORRIS: No, no. This is one 6 that we had – we had – 7 MS. DEITSCH-PEREZ: All right. Hang 8 on. 9 MR. MORRIS: That's okay. That is 10 why we're putting it up on the screen, and	Page 355
1 DONDERO - 10/29/21 2 would you be able to do so? 3 A. Yes. 4 MR. MORRIS: Let's put up Exhibit 5 49, please. 6 (Exhibit 49 marked.) 7 Q. And this is the 30(b)(6) notice for 8 HCRE. You're here today to testify on behalf 9 of HCRE as its corporate representative. Do 10 you understand that? 11 A. Yes. 12 Q. And did you review the list of	2 amended complaint. 3 MS. DEITSCH-PEREZ: Is that in the 4 notebook? 5 MR. MORRIS: No, no. This is one 6 that we had – we had – 7 MS. DEITSCH-PEREZ: All right. Hang 8 on. 9 MR. MORRIS: That's okay. That is 10 why we're putting it up on the screen, and 11 we will put it in the chat room. It is 12 already in there, actually.	Page 355
1 DONDERO - 10/29/21 2 would you be able to do so? 3 A. Yes. 4 MR. MORRIS: Let's put up Exhibit 5 49, please. 6 (Exhibit 49 marked.) 7 Q. And this is the 30(b)(6) notice for 8 HCRE. You're here today to testify on behalf 9 of HCRE as its corporate representative. Do 10 you understand that? 11 A. Yes. 12 Q. And did you review the list of 13 topics that we included in our 30(b)(6) notice	2 amended complaint. 3 MS. DEITSCH-PEREZ: Is that in the 4 notebook? 5 MR. MORRIS: No, no. This is one 6 that we had – we had – 7 MS. DEITSCH-PEREZ: All right. Hang 8 on. 9 MR. MORRIS: That's okay. That is 10 why we're putting it up on the screen, and 11 we will put it in the chat room. It is 12 already in there, actually. 13 MS. DEITSCH-PEREZ: Yeah, I think we	Page 355
1 DONDERO - 10/29/21 2 would you be able to do so? 3 A. Yes. 4 MR. MORRIS: Let's put up Exhibit 5 49, please. 6 (Exhibit 49 marked.) 7 Q. And this is the 30(b)(6) notice for 8 HCRE. You're here today to testify on behalf 9 of HCRE as its corporate representative. Do 10 you understand that? 11 A. Yes. 12 Q. And did you review the list of 13 topics that we included in our 30(b)(6) notice 14 for HCRE?	2 amended complaint. 3 MS. DEITSCH-PEREZ: Is that in the 4 notebook? 5 MR. MORRIS: No, no. This is one 6 that we had – we had – 7 MS. DEITSCH-PEREZ: All right. Hang 8 on. 9 MR. MORRIS: That's okay. That is 10 why we're putting it up on the screen, and 11 we will put it in the chat room. It is 12 already in there, actually. 13 MS. DEITSCH-PEREZ: Yeah, I think we 14 have it here. Hold on. I think Nancy	Page 355
1 DONDERO - 10/29/21 2 would you be able to do so? 3 A. Yes. 4 MR. MORRIS: Let's put up Exhibit 5 49, please. 6 (Exhibit 49 marked.) 7 Q. And this is the 30(b)(6) notice for 8 HCRE. You're here today to testify on behalf 9 of HCRE as its corporate representative. Do 10 you understand that? 11 A. Yes. 12 Q. And did you review the list of 13 topics that we included in our 30(b)(6) notice 14 for HCRE? 15 A. Yes.	2 amended complaint. 3 MS. DEITSCH-PEREZ: Is that in the 4 notebook? 5 MR. MORRIS: No, no. This is one 6 that we had – we had – 7 MS. DEITSCH-PEREZ: All right. Hang 8 on. 9 MR. MORRIS: That's okay. That is 10 why we're putting it up on the screen, and 11 we will put it in the chat room. It is 12 already in there, actually. 13 MS. DEITSCH-PEREZ: Yeah, I think we 14 have it here. Hold on. I think Nancy 15 walked off with the duplicate of this, so	Page 355
1 DONDERO - 10/29/21 2 would you be able to do so? 3 A. Yes. 4 MR. MORRIS: Let's put up Exhibit 5 49, please. 6 (Exhibit 49 marked.) 7 Q. And this is the 30(b)(6) notice for 8 HCRE. You're here today to testify on behalf 9 of HCRE as its corporate representative. Do 10 you understand that? 11 A. Yes. 12 Q. And did you review the list of 13 topics that we included in our 30(b)(6) notice 14 for HCRE? 15 A. Yes. 16 Q. And subject to your counsel's	2 amended complaint. 3 MS. DEITSCH-PEREZ: Is that in the 4 notebook? 5 MR. MORRIS: No, no. This is one 6 that we had – we had – 7 MS. DEITSCH-PEREZ: All right. Hang 8 on. 9 MR. MORRIS: That's okay. That is 10 why we're putting it up on the screen, and 11 we will put it in the chat room. It is 12 already in there, actually. 13 MS. DEITSCH-PEREZ: Yeah, I think we 14 have it here. Hold on. I think Nancy 15 walked off with the duplicate of this, so 16 if you need it, I will hand it to you.	Page 355
1 DONDERO - 10/29/21 2 would you be able to do so? 3 A. Yes. 4 MR. MORRIS: Let's put up Exhibit 5 49, please. 6 (Exhibit 49 marked.) 7 Q. And this is the 30(b)(6) notice for 8 HCRE. You're here today to testify on behalf 9 of HCRE as its corporate representative. Do 10 you understand that? 11 A. Yes. 12 Q. And did you review the list of 13 topics that we included in our 30(b)(6) notice 14 for HCRE? 15 A. Yes. 16 Q. And subject to your counsel's 17 objections, are you prepared to testify to the	2 amended complaint. 3 MS. DEITSCH-PEREZ: Is that in the 4 notebook? 5 MR. MORRIS: No, no. This is one 6 that we had – we had – 7 MS. DEITSCH-PEREZ: All right. Hang 8 on. 9 MR. MORRIS: That's okay. That is 10 why we're putting it up on the screen, and 11 we will put it in the chat room. It is 12 already in there, actually. 13 MS. DEITSCH-PEREZ: Yeah, I think we 14 have it here. Hold on. I think Nancy 15 walked off with the duplicate of this, so 16 if you need it, I will hand it to you. 17 Q. Mr. Dondero, while we wait to see if	Page 355
1 DONDERO - 10/29/21 2 would you be able to do so? 3 A. Yes. 4 MR. MORRIS: Let's put up Exhibit 5 49, please. 6 (Exhibit 49 marked.) 7 Q. And this is the 30(b)(6) notice for 8 HCRE. You're here today to testify on behalf 9 of HCRE as its corporate representative. Do 10 you understand that? 11 A. Yes. 12 Q. And did you review the list of 13 topics that we included in our 30(b)(6) notice 14 for HCRE? 15 A. Yes. 16 Q. And subject to your counsel's 17 objections, are you prepared to testify to the 18 topics that are listed on the page that is up	2 amended complaint. 3 MS. DEITSCH-PEREZ: Is that in the 4 notebook? 5 MR. MORRIS: No, no. This is one 6 that we had – we had – 7 MS. DEITSCH-PEREZ: All right. Hang 8 on. 9 MR. MORRIS: That's okay. That is 10 why we're putting it up on the screen, and 11 we will put it in the chat room. It is 12 already in there, actually. 13 MS. DEITSCH-PEREZ: Yeah, I think we 14 have it here. Hold on. I think Nancy 15 walked off with the duplicate of this, so 16 if you need it, I will hand it to you. 17 Q. Mr. Dondero, while we wait to see if 18 your counsel has a hard copy, do you recall	Page 355
1 DONDERO - 10/29/21 2 would you be able to do so? 3 A. Yes. 4 MR. MORRIS: Let's put up Exhibit 5 49, please. 6 (Exhibit 49 marked.) 7 Q. And this is the 30(b)(6) notice for 8 HCRE. You're here today to testify on behalf 9 of HCRE as its corporate representative. Do 10 you understand that? 11 A. Yes. 12 Q. And did you review the list of 13 topics that we included in our 30(b)(6) notice 14 for HCRE? 15 A. Yes. 16 Q. And subject to your counsel's 17 objections, are you prepared to testify to the 18 topics that are listed on the page that is up 19 on the screen?	2 amended complaint. 3 MS. DEITSCH-PEREZ: Is that in the 4 notebook? 5 MR. MORRIS: No, no. This is one 6 that we had – we had – 7 MS. DEITSCH-PEREZ: All right. Hang 8 on. 9 MR. MORRIS: That's okay. That is 10 why we're putting it up on the screen, and 11 we will put it in the chat room. It is 12 already in there, actually. 13 MS. DEITSCH-PEREZ: Yeah, I think we 14 have it here. Hold on. I think Nancy 15 walked off with the duplicate of this, so 16 if you need it, I will hand it to you. 17 Q. Mr. Dondero, while we wait to see if 18 your counsel has a hard copy, do you recall 19 reviewing your answer to the plaintiff's	Page 355
1 DONDERO - 10/29/21 2 would you be able to do so? 3 A. Yes. 4 MR. MORRIS: Let's put up Exhibit 5 49, please. 6 (Exhibit 49 marked.) 7 Q. And this is the 30(b)(6) notice for 8 HCRE. You're here today to testify on behalf 9 of HCRE as its corporate representative. Do 10 you understand that? 11 A. Yes. 12 Q. And did you review the list of 13 topics that we included in our 30(b)(6) notice 14 for HCRE? 15 A. Yes. 16 Q. And subject to your counsel's 17 objections, are you prepared to testify to the 18 topics that are listed on the page that is up 19 on the screen? 20 A. Yes.	amended complaint. MS. DEITSCH-PEREZ: Is that in the notebook? MR. MORRIS: No, no. This is one that we had – we had – MS. DEITSCH-PEREZ: All right. Hang on. MR. MORRIS: That's okay. That is why we're putting it up on the screen, and we will put it in the chat room. It is already in there, actually. MS. DEITSCH-PEREZ: Yeah, I think we have it here. Hold on. I think Nancy walked off with the duplicate of this, so if you need it, I will hand it to you. MR. Morris okay. That is the weit have it here, actually. MS. DEITSCH-PEREZ: Yeah, I think we have it here. Hold on. I think Nancy walked off with the duplicate of this, so if you need it, I will hand it to you. Q. Mr. Dondero, while we wait to see if your counsel has a hard copy, do you recall reviewing your answer to the plaintiff's amended complaint before it was filed?	Page 355
1 DONDERO - 10/29/21 2 would you be able to do so? 3 A. Yes. 4 MR. MORRIS: Let's put up Exhibit 5 49, please. 6 (Exhibit 49 marked.) 7 Q. And this is the 30(b)(6) notice for 8 HCRE. You're here today to testify on behalf 9 of HCRE as its corporate representative. Do 10 you understand that? 11 A. Yes. 12 Q. And did you review the list of 13 topics that we included in our 30(b)(6) notice 14 for HCRE? 15 A. Yes. 16 Q. And subject to your counsel's 17 objections, are you prepared to testify to the 18 topics that are listed on the page that is up 19 on the screen? 20 A. Yes. 21 MR. MORRIS: Okay. Can we please	2 amended complaint. 3 MS. DEITSCH-PEREZ: Is that in the 4 notebook? 5 MR. MORRIS: No, no. This is one 6 that we had – we had – 7 MS. DEITSCH-PEREZ: All right. Hang 8 on. 9 MR. MORRIS: That's okay. That is 10 why we're putting it up on the screen, and 11 we will put it in the chat room. It is 12 already in there, actually. 13 MS. DEITSCH-PEREZ: Yeah, I think we 14 have it here. Hold on. I think Nancy 15 walked off with the duplicate of this, so 16 if you need it, I will hand it to you. 17 Q. Mr. Dondero, while we wait to see if 18 your counsel has a hard copy, do you recall 19 reviewing your answer to the plaintiff's 20 amended complaint before it was filed? 21 A. I don't know if I was involved at	Page 355
1 DONDERO - 10/29/21 2 would you be able to do so? 3 A. Yes. 4 MR. MORRIS: Let's put up Exhibit 5 49, please. 6 (Exhibit 49 marked.) 7 Q. And this is the 30(b)(6) notice for 8 HCRE. You're here today to testify on behalf 9 of HCRE as its corporate representative. Do 10 you understand that? 11 A. Yes. 12 Q. And did you review the list of 13 topics that we included in our 30(b)(6) notice 14 for HCRE? 15 A. Yes. 16 Q. And subject to your counsel's 17 objections, are you prepared to testify to the 18 topics that are listed on the page that is up 19 on the screen? 20 A. Yes. 21 MR. MORRIS: Okay. Can we please 22 put up Exhibit 31.	2 amended complaint. 3 MS. DEITSCH-PEREZ: Is that in the 4 notebook? 5 MR. MORRIS: No, no. This is one 6 that we had – we had – 7 MS. DEITSCH-PEREZ: All right. Hang 8 on. 9 MR. MORRIS: That's okay. That is 10 why we're putting it up on the screen, and 11 we will put it in the chat room. It is 12 already in there, actually. 13 MS. DEITSCH-PEREZ: Yeah, I think we 14 have it here. Hold on. I think Nancy 15 walked off with the duplicate of this, so 16 if you need it, I will hand it to you. 17 Q. Mr. Dondero, while we wait to see if 18 your counsel has a hard copy, do you recall 19 reviewing your answer to the plaintiff's 20 amended complaint before it was filed? 21 A. I don't know if I was involved at 22 that juncture.	Page 355
1 DONDERO - 10/29/21 2 would you be able to do so? 3 A. Yes. 4 MR. MORRIS: Let's put up Exhibit 5 49, please. 6 (Exhibit 49 marked.) 7 Q. And this is the 30(b)(6) notice for 8 HCRE. You're here today to testify on behalf 9 of HCRE as its corporate representative. Do 10 you understand that? 11 A. Yes. 12 Q. And did you review the list of 13 topics that we included in our 30(b)(6) notice 14 for HCRE? 15 A. Yes. 16 Q. And subject to your counsel's 17 objections, are you prepared to testify to the 18 topics that are listed on the page that is up 19 on the screen? 20 A. Yes. 21 MR. MORRIS: Okay. Can we please 22 put up Exhibit 31. 23 (Exhibit 31 marked.)	2 amended complaint. 3 MS. DEITSCH-PEREZ: Is that in the 4 notebook? 5 MR. MORRIS: No, no. This is one 6 that we had – we had – 7 MS. DEITSCH-PEREZ: All right. Hang 8 on. 9 MR. MORRIS: That's okay. That is 10 why we're putting it up on the screen, and 11 we will put it in the chat room. It is 12 already in there, actually. 13 MS. DEITSCH-PEREZ: Yeah, I think we 14 have it here. Hold on. I think Nancy 15 walked off with the duplicate of this, so 16 if you need it, I will hand it to you. 17 Q. Mr. Dondero, while we wait to see if 18 your counsel has a hard copy, do you recall 19 reviewing your answer to the plaintiff's 20 amended complaint before it was filed? 21 A. I don't know if I was involved at 22 that juncture. 23 Q. All right. So just to refresh your	Page 355
1 DONDERO - 10/29/21 2 would you be able to do so? 3 A. Yes. 4 MR. MORRIS: Let's put up Exhibit 5 49, please. 6 (Exhibit 49 marked.) 7 Q. And this is the 30(b)(6) notice for 8 HCRE. You're here today to testify on behalf 9 of HCRE as its corporate representative. Do 10 you understand that? 11 A. Yes. 12 Q. And did you review the list of 13 topics that we included in our 30(b)(6) notice 14 for HCRE? 15 A. Yes. 16 Q. And subject to your counsel's 17 objections, are you prepared to testify to the 18 topics that are listed on the page that is up 19 on the screen? 20 A. Yes. 21 MR. MORRIS: Okay. Can we please 22 put up Exhibit 31.	2 amended complaint. 3 MS. DEITSCH-PEREZ: Is that in the 4 notebook? 5 MR. MORRIS: No, no. This is one 6 that we had – we had – 7 MS. DEITSCH-PEREZ: All right. Hang 8 on. 9 MR. MORRIS: That's okay. That is 10 why we're putting it up on the screen, and 11 we will put it in the chat room. It is 12 already in there, actually. 13 MS. DEITSCH-PEREZ: Yeah, I think we 14 have it here. Hold on. I think Nancy 15 walked off with the duplicate of this, so 16 if you need it, I will hand it to you. 17 Q. Mr. Dondero, while we wait to see if 18 your counsel has a hard copy, do you recall 19 reviewing your answer to the plaintiff's 20 amended complaint before it was filed? 21 A. I don't know if I was involved at 22 that juncture.	Page 355

	D 250			D 257
1	Page 356 DONDERO - 10/29/21	1	DONDERO - 10/29/21	Page 357
2	If you recall, Highland filed an original	2	Q. So – so let me ask the question	
1	complaint, and after you amended your answer	3	again then: Do you recall, with that	
1	late in August pursuant to an agreement,	4	background, having reviewed and approved the	
1	Highland filed amended complaints against	5	filing of this document at the beginning of	
1	certain of the obligors in the notes	6	September 2021?	
1	litigation.	7	A. Generally.	
8	Does that refresh your recollection	8	Q. Okay. As you sit here today, are	
1	that this document was prepared in early	9	you aware of anything in this document that is	
10	September?	10	inaccurate?	
11	A. Okay.	11	A. Not that I'm aware of.	
12	Q. Okay.	12	Q. Okay. Are you aware of anything in	
13	A. I don't have specific memory.	13	the document that you believe should be	
14	Q. Okay. So as always, Mr. Dondero, we	14	modified or amended to make it more complete or	
15	have done this many times before, if there is	15	more accurate?	
16	anything in the document that you think that	16	A. Not as of this moment.	
17	you need to see because it is a little bit of a	17	Q. Okay. Can we please go to Paragraph	
18	lengthy document, will you let me know that?	18	83. Okay. Right there.	
19	A. Sure.	19	So do you see that on – on page 13	
20	MS. DEITSCH-PEREZ: Yeah. And we	20	of the exhibit, we have in Paragraphs 82	
21	have a copy if you need to stop and take a	21	through 91 what are called your affirmative	
22	look. We did get a hard copy. We have a	22	defenses?	
23	hard copy here.	23	A. Yes.	
24	Q. Okay.	24	Q. All right. I'm going to skip the	
25	A. All right.	25		
		20	one in 62 for the moment, but locasing on 60.	
1	Dogo 250			
1	Page 358	1	DONDERO - 10/29/21	Page 359
1 2	DONDERO - 10/29/21	1	DONDERO - 10/29/21	Page 359
2	DONDERO - 10/29/21 Can you just read that to yourself and tell me	2	share with me that concern that particular	Page 359
2 3	DONDERO - 10/29/21 Can you just read that to yourself and tell me when you have done that?	2	share with me that concern that particular affirmative defense?	Page 359
2 3 4	DONDERO - 10/29/21 Can you just read that to yourself and tell me when you have done that? A. Yes.	2 3 4	share with me that concern that particular affirmative defense? MS. DEITSCH-PEREZ: And, again, just	Page 359
2 3 4 5	DONDERO - 10/29/21 Can you just read that to yourself and tell me when you have done that? A. Yes. Q. Are you aware of any facts that	2 3 4 5	share with me that concern that particular affirmative defense? MS. DEITSCH-PEREZ: And, again, just in this particular answer.	Page 359
2 3 4 5 6	DONDERO - 10/29/21 Can you just read that to yourself and tell me when you have done that? A. Yes. Q. Are you aware of any facts that concern this particular affirmative defense?	2 3 4 5 6	share with me that concern that particular affirmative defense? MS. DEITSCH-PEREZ: And, again, just in this particular answer. MR. MORRIS: That is all I'm asking	Page 359
2 3 4 5 6 7	DONDERO - 10/29/21 Can you just read that to yourself and tell me when you have done that? A. Yes. Q. Are you aware of any facts that concern this particular affirmative defense? A. Which notes are these again?	2 3 4 5 6 7	share with me that concern that particular affirmative defense? MS. DEITSCH-PEREZ: And, again, just in this particular answer. MR. MORRIS: That is all I'm asking about.	Page 359
2 3 4 5 6 7 8	DONDERO - 10/29/21 Can you just read that to yourself and tell me when you have done that? A. Yes. Q. Are you aware of any facts that concern this particular affirmative defense? A. Which notes are these again? Q. These would be your personal notes.	2 3 4 5 6 7 8	share with me that concern that particular affirmative defense? MS. DEITSCH-PEREZ: And, again, just in this particular answer. MR. MORRIS: That is all I'm asking about. Q. We're going to go through the answer	Page 359
2 3 4 5 6 7 8 9	DONDERO - 10/29/21 Can you just read that to yourself and tell me when you have done that? A. Yes. Q. Are you aware of any facts that concern this particular affirmative defense? A. Which notes are these again? Q. These would be your personal notes. A. The – personal notes. I'm trying	2 3 4 5 6 7 8 9	share with me that concern that particular affirmative defense? MS. DEITSCH-PEREZ: And, again, just in this particular answer. MR. MORRIS: That is all I'm asking about. Q. We're going to go through the answer for each one of them. So just one at a time.	Page 359
2 3 4 5 6 7 8 9	DONDERO - 10/29/21 Can you just read that to yourself and tell me when you have done that? A. Yes. Q. Are you aware of any facts that concern this particular affirmative defense? A. Which notes are these again? Q. These would be your personal notes. A. The – personal notes. I'm trying to remember. No, I – well, if you read the	2 3 4 5 6 7 8 9	share with me that concern that particular affirmative defense? MS. DEITSCH-PEREZ: And, again, just in this particular answer. MR. MORRIS: That is all I'm asking about. Q. We're going to go through the answer for each one of them. So just one at a time. We're only talking about your – your notes.	Page 359
2 3 4 5 6 7 8 9 10	DONDERO - 10/29/21 Can you just read that to yourself and tell me when you have done that? A. Yes. Q. Are you aware of any facts that concern this particular affirmative defense? A. Which notes are these again? Q. These would be your personal notes. A. The – personal notes. I'm trying to remember. No, I – well, if you read the question one more time.	2 3 4 5 6 7 8 9 10 11	share with me that concern that particular affirmative defense? MS. DEITSCH-PEREZ: And, again, just in this particular answer. MR. MORRIS: That is all I'm asking about. Q. We're going to go through the answer for each one of them. So just one at a time. We're only talking about your – your notes. A. No, not the moment.	Page 359
2 3 4 5 6 7 8 9 10 11 12	DONDERO - 10/29/21 Can you just read that to yourself and tell me when you have done that? A. Yes. Q. Are you aware of any facts that concern this particular affirmative defense? A. Which notes are these again? Q. These would be your personal notes. A. The – personal notes. I'm trying to remember. No, I – well, if you read the question one more time. Q. Sure. Just so – so to make sure	2 3 4 5 6 7 8 9 10 11 12	share with me that concern that particular affirmative defense? MS. DEITSCH-PEREZ: And, again, just in this particular answer. MR. MORRIS: That is all I'm asking about. Q. We're going to go through the answer for each one of them. So just one at a time. We're only talking about your – your notes. A. No, not the moment. Q. Let's go to Paragraph 84.	Page 359
2 3 4 5 6 7 8 9 10 11 12 13	DONDERO - 10/29/21 Can you just read that to yourself and tell me when you have done that? A. Yes. Q. Are you aware of any facts that concern this particular affirmative defense? A. Which notes are these again? Q. These would be your personal notes. A. The – personal notes. I'm trying to remember. No, I – well, if you read the question one more time. Q. Sure. Just so – so to make sure that you understand, because I'm not here to	2 3 4 5 6 7 8 9 10 11 12 13	share with me that concern that particular affirmative defense? MS. DEITSCH-PEREZ: And, again, just in this particular answer. MR. MORRIS: That is all I'm asking about. Q. We're going to go through the answer for each one of them. So just one at a time. We're only talking about your – your notes. A. No, not the moment. Q. Let's go to Paragraph 84. Do you see Paragraph 84 states,	Page 359
2 3 4 5 6 7 8 9 10 11 12 13 14	DONDERO - 10/29/21 Can you just read that to yourself and tell me when you have done that? A. Yes. Q. Are you aware of any facts that concern this particular affirmative defense? A. Which notes are these again? Q. These would be your personal notes. A. The – personal notes. I'm trying to remember. No, I – well, if you read the question one more time. Q. Sure. Just so – so to make sure that you understand, because I'm not here to trick you, this is your answer to Highland's	2 3 4 5 6 7 8 9 10 11 12 13 14	share with me that concern that particular affirmative defense? MS. DEITSCH-PEREZ: And, again, just in this particular answer. MR. MORRIS: That is all I'm asking about. Q. We're going to go through the answer for each one of them. So just one at a time. We're only talking about your — your notes. A. No, not the moment. Q. Let's go to Paragraph 84. Do you see Paragraph 84 states, among other things, that plaintiff's claims are	Page 359
2 3 4 5 6 7 8 9 10 11 12 13 14 15	DONDERO - 10/29/21 Can you just read that to yourself and tell me when you have done that? A. Yes. Q. Are you aware of any facts that concern this particular affirmative defense? A. Which notes are these again? Q. These would be your personal notes. A. The – personal notes. I'm trying to remember. No, I – well, if you read the question one more time. Q. Sure. Just so – so to make sure that you understand, because I'm not here to trick you, this is your answer to Highland's complaint against you where Highland is trying	2 3 4 5 6 7 8 9 10 11 12 13 14 15	share with me that concern that particular affirmative defense? MS. DEITSCH-PEREZ: And, again, just in this particular answer. MR. MORRIS: That is all I'm asking about. Q. We're going to go through the answer for each one of them. So just one at a time. We're only talking about your – your notes. A. No, not the moment. Q. Let's go to Paragraph 84. Do you see Paragraph 84 states, among other things, that plaintiff's claims are barred, in whole or in part, due to estoppel?	Page 359
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	DONDERO - 10/29/21 Can you just read that to yourself and tell me when you have done that? A. Yes. Q. Are you aware of any facts that concern this particular affirmative defense? A. Which notes are these again? Q. These would be your personal notes. A. The – personal notes. I'm trying to remember. No, I – well, if you read the question one more time. Q. Sure. Just so – so to make sure that you understand, because I'm not here to trick you, this is your answer to Highland's complaint against you where Highland is trying to recover on the notes that you signed.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	share with me that concern that particular affirmative defense? MS. DEITSCH-PEREZ: And, again, just in this particular answer. MR. MORRIS: That is all I'm asking about. Q. We're going to go through the answer for each one of them. So just one at a time. We're only talking about your – your notes. A. No, not the moment. Q. Let's go to Paragraph 84. Do you see Paragraph 84 states, among other things, that plaintiff's claims are barred, in whole or in part, due to estoppel? A. Yes.	Page 359
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	DONDERO - 10/29/21 Can you just read that to yourself and tell me when you have done that? A. Yes. Q. Are you aware of any facts that concern this particular affirmative defense? A. Which notes are these again? Q. These would be your personal notes. A. The – personal notes. I'm trying to remember. No, I – well, if you read the question one more time. Q. Sure. Just so – so to make sure that you understand, because I'm not here to trick you, this is your answer to Highland's complaint against you where Highland is trying to recover on the notes that you signed. Do you understand that?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	share with me that concern that particular affirmative defense? MS. DEITSCH-PEREZ: And, again, just in this particular answer. MR. MORRIS: That is all I'm asking about. Q. We're going to go through the answer for each one of them. So just one at a time. We're only talking about your – your notes. A. No, not the moment. Q. Let's go to Paragraph 84. Do you see Paragraph 84 states, among other things, that plaintiff's claims are barred, in whole or in part, due to estoppel? A. Yes. Q. Can you share with me any facts that	Page 359
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	DONDERO - 10/29/21 Can you just read that to yourself and tell me when you have done that? A. Yes. Q. Are you aware of any facts that concern this particular affirmative defense? A. Which notes are these again? Q. These would be your personal notes. A. The – personal notes. I'm trying to remember. No, I – well, if you read the question one more time. Q. Sure. Just so – so to make sure that you understand, because I'm not here to trick you, this is your answer to Highland's complaint against you where Highland is trying to recover on the notes that you signed. Do you understand that? A. Right.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	share with me that concern that particular affirmative defense? MS. DEITSCH-PEREZ: And, again, just in this particular answer. MR. MORRIS: That is all I'm asking about. Q. We're going to go through the answer for each one of them. So just one at a time. We're only talking about your – your notes. A. No, not the moment. Q. Let's go to Paragraph 84. Do you see Paragraph 84 states, among other things, that plaintiff's claims are barred, in whole or in part, due to estoppel? A. Yes. Q. Can you share with me any facts that you are aware of that concern that particular	Page 359
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	DONDERO - 10/29/21 Can you just read that to yourself and tell me when you have done that? A. Yes. Q. Are you aware of any facts that concern this particular affirmative defense? A. Which notes are these again? Q. These would be your personal notes. A. The – personal notes. I'm trying to remember. No, I – well, if you read the question one more time. Q. Sure. Just so – so to make sure that you understand, because I'm not here to trick you, this is your answer to Highland's complaint against you where Highland is trying to recover on the notes that you signed. Do you understand that? A. Right. Q. Okay. So in Paragraph 83 you have	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	share with me that concern that particular affirmative defense? MS. DEITSCH-PEREZ: And, again, just in this particular answer. MR. MORRIS: That is all I'm asking about. Q. We're going to go through the answer for each one of them. So just one at a time. We're only talking about your – your notes. A. No, not the moment. Q. Let's go to Paragraph 84. Do you see Paragraph 84 states, among other things, that plaintiff's claims are barred, in whole or in part, due to estoppel? A. Yes. Q. Can you share with me any facts that you are aware of that concern that particular affirmative defense?	Page 359
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	DONDERO - 10/29/21 Can you just read that to yourself and tell me when you have done that? A. Yes. Q. Are you aware of any facts that concern this particular affirmative defense? A. Which notes are these again? Q. These would be your personal notes. A. The – personal notes. I'm trying to remember. No, I – well, if you read the question one more time. Q. Sure. Just so – so to make sure that you understand, because I'm not here to trick you, this is your answer to Highland's complaint against you where Highland is trying to recover on the notes that you signed. Do you understand that? A. Right. Q. Okay. So in Paragraph 83 you have asserted an affirmative defense that the	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	share with me that concern that particular affirmative defense? MS. DEITSCH-PEREZ: And, again, just in this particular answer. MR. MORRIS: That is all I'm asking about. Q. We're going to go through the answer for each one of them. So just one at a time. We're only talking about your – your notes. A. No, not the moment. Q. Let's go to Paragraph 84. Do you see Paragraph 84 states, among other things, that plaintiff's claims are barred, in whole or in part, due to estoppel? A. Yes. Q. Can you share with me any facts that you are aware of that concern that particular affirmative defense? A. No.	Page 359
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	DONDERO - 10/29/21 Can you just read that to yourself and tell me when you have done that? A. Yes. Q. Are you aware of any facts that concern this particular affirmative defense? A. Which notes are these again? Q. These would be your personal notes. A. The – personal notes. I'm trying to remember. No, I – well, if you read the question one more time. Q. Sure. Just so – so to make sure that you understand, because I'm not here to trick you, this is your answer to Highland's complaint against you where Highland is trying to recover on the notes that you signed. Do you understand that? A. Right. Q. Okay. So in Paragraph 83 you have asserted an affirmative defense that the plaintiff's claims are barred in whole or in	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	share with me that concern that particular affirmative defense? MS. DEITSCH-PEREZ: And, again, just in this particular answer. MR. MORRIS: That is all I'm asking about. Q. We're going to go through the answer for each one of them. So just one at a time. We're only talking about your – your notes. A. No, not the moment. Q. Let's go to Paragraph 84. Do you see Paragraph 84 states, among other things, that plaintiff's claims are barred, in whole or in part, due to estoppel? A. Yes. Q. Can you share with me any facts that you are aware of that concern that particular affirmative defense? A. No. Q. Okay. I'm going to skip over 85	Page 359
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	DONDERO - 10/29/21 Can you just read that to yourself and tell me when you have done that? A. Yes. Q. Are you aware of any facts that concern this particular affirmative defense? A. Which notes are these again? Q. These would be your personal notes. A. The – personal notes. I'm trying to remember. No, I – well, if you read the question one more time. Q. Sure. Just so – so to make sure that you understand, because I'm not here to trick you, this is your answer to Highland's complaint against you where Highland is trying to recover on the notes that you signed. Do you understand that? A. Right. Q. Okay. So in Paragraph 83 you have asserted an affirmative defense that the plaintiff's claims are barred in whole or in part due to waiver.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	share with me that concern that particular affirmative defense? MS. DEITSCH-PEREZ: And, again, just in this particular answer. MR. MORRIS: That is all I'm asking about. Q. We're going to go through the answer for each one of them. So just one at a time. We're only talking about your – your notes. A. No, not the moment. Q. Let's go to Paragraph 84. Do you see Paragraph 84 states, among other things, that plaintiff's claims are barred, in whole or in part, due to estoppel? A. Yes. Q. Can you share with me any facts that you are aware of that concern that particular affirmative defense? A. No. Q. Okay. I'm going to skip over 85 because I've gotten that answer elsewhere. If	Page 359
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	DONDERO - 10/29/21 Can you just read that to yourself and tell me when you have done that? A. Yes. Q. Are you aware of any facts that concern this particular affirmative defense? A. Which notes are these again? Q. These would be your personal notes. A. The – personal notes. I'm trying to remember. No, I – well, if you read the question one more time. Q. Sure. Just so – so to make sure that you understand, because I'm not here to trick you, this is your answer to Highland's complaint against you where Highland is trying to recover on the notes that you signed. Do you understand that? A. Right. Q. Okay. So in Paragraph 83 you have asserted an affirmative defense that the plaintiff's claims are barred in whole or in part due to waiver. Do you see that?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	share with me that concern that particular affirmative defense? MS. DEITSCH-PEREZ: And, again, just in this particular answer. MR. MORRIS: That is all I'm asking about. Q. We're going to go through the answer for each one of them. So just one at a time. We're only talking about your – your notes. A. No, not the moment. Q. Let's go to Paragraph 84. Do you see Paragraph 84 states, among other things, that plaintiff's claims are barred, in whole or in part, due to estoppel? A. Yes. Q. Can you share with me any facts that you are aware of that concern that particular affirmative defense? A. No. Q. Okay. I'm going to skip over 85 because I've gotten that answer elsewhere. If we can go to 86, do you see that Paragraph 86	Page 359
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	DONDERO - 10/29/21 Can you just read that to yourself and tell me when you have done that? A. Yes. Q. Are you aware of any facts that concern this particular affirmative defense? A. Which notes are these again? Q. These would be your personal notes. A. The – personal notes. I'm trying to remember. No, I – well, if you read the question one more time. Q. Sure. Just so – so to make sure that you understand, because I'm not here to trick you, this is your answer to Highland's complaint against you where Highland is trying to recover on the notes that you signed. Do you understand that? A. Right. Q. Okay. So in Paragraph 83 you have asserted an affirmative defense that the plaintiff's claims are barred in whole or in part due to waiver. Do you see that? A. Yes.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	share with me that concern that particular affirmative defense? MS. DEITSCH-PEREZ: And, again, just in this particular answer. MR. MORRIS: That is all I'm asking about. Q. We're going to go through the answer for each one of them. So just one at a time. We're only talking about your – your notes. A. No, not the moment. Q. Let's go to Paragraph 84. Do you see Paragraph 84 states, among other things, that plaintiff's claims are barred, in whole or in part, due to estoppel? A. Yes. Q. Can you share with me any facts that you are aware of that concern that particular affirmative defense? A. No. Q. Okay. I'm going to skip over 85 because I've gotten that answer elsewhere. If we can go to 86, do you see that Paragraph 86 asserts as an affirmative defense, among other	Page 359
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	DONDERO - 10/29/21 Can you just read that to yourself and tell me when you have done that? A. Yes. Q. Are you aware of any facts that concern this particular affirmative defense? A. Which notes are these again? Q. These would be your personal notes. A. The – personal notes. I'm trying to remember. No, I – well, if you read the question one more time. Q. Sure. Just so – so to make sure that you understand, because I'm not here to trick you, this is your answer to Highland's complaint against you where Highland is trying to recover on the notes that you signed. Do you understand that? A. Right. Q. Okay. So in Paragraph 83 you have asserted an affirmative defense that the plaintiff's claims are barred in whole or in part due to waiver. Do you see that?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	share with me that concern that particular affirmative defense? MS. DEITSCH-PEREZ: And, again, just in this particular answer. MR. MORRIS: That is all I'm asking about. Q. We're going to go through the answer for each one of them. So just one at a time. We're only talking about your – your notes. A. No, not the moment. Q. Let's go to Paragraph 84. Do you see Paragraph 84 states, among other things, that plaintiff's claims are barred, in whole or in part, due to estoppel? A. Yes. Q. Can you share with me any facts that you are aware of that concern that particular affirmative defense? A. No. Q. Okay. I'm going to skip over 85 because I've gotten that answer elsewhere. If we can go to 86, do you see that Paragraph 86	Page 359

D 000		004
Page 360 1 DONDERO - 10/29/21	Page 1 DONDERO - 10/29/21	361
2 barred, in whole or in part, due to failure of	2 A. Let me read that one more time.	
3 consideration, closed quote?	3 Q. Take your time.	
4 A. Right, I see that.	4 A. I think that one is – I'm trying –	
5 Q. Do you – do you – do you	5 I'm trying to remember if that one – if the	
6 acknowledge that Highland transferred to you an	6 partner defense is on alternative comp that	
7 amount of money equal to the principal amount	7 could have been taken or forgiveness that was	
8 on each of the notes that are at issue?	8 in lieu of other comp – I'm trying to remember	
9 A. I believe – yes.	9 if that falls under this category. I think it	
10 Q. Okay. I appreciate that.	10 does.	
11 Do you have any facts that would	11 Q. Okay. Is there anything else that	
12 support the affirmative defense that is set	12 you can – any other facts that you can think	
13 forth in Paragraph 86?	13 of that concern the affirmative defense in	
14 A. No.	14 Paragraph 88?	
15 Q. Okay. And then, finally,	15 A. I mean, the – yes. Okay. To the	
16 Paragraph 88 asserts, among other things, that	16 extent that the – in lieu of additional comp	
17 the fraudulent transfer claim should be barred,	17 falls under there, so does the incentives to –	
18 in whole or in part, because the alleged	18 the incentive to me to help monetize illiquid	
19 fraudulent transfer – and I'm summarizing	19 investments better faster.	
20 here – was taken in good faith and for	20 Q. And does that relate to the three	
21 reasonably equivalent value.	21 portfolio companies that are the subject of the	
22 Do you see that?	22 oral agreement between you and your sister or	
23 A. Yes.	23 to something else?	
24 Q. Okay. Do you have any facts that	24 A. It is –	
25 concern that particular affirmative defense?	25 MS. DEITSCH-PEREZ: Objection, form.	
25 concern that particular animitative delense:	20 IVIO. DETTOOT H LINEZ. Objection, form.	
	-	
Page 362	Page 1 DONDERO - 10/29/21	363
1 DONDERO - 10/29/21	1 DONDERO - 10/29/21	363
1 DONDERO - 10/29/21 2 A. – regarding that, yeah.	DONDERO - 10/29/21 Q. Okay. So these questions I'm asking	363
1 DONDERO - 10/29/21 2 A. – regarding that, yeah. 3 Q. It is the same thing. Do I have	DONDERO - 10/29/21 Q. Okay. So these questions I'm asking in your capacity as HCMS' 30(b)(6) witness.	363
1 DONDERO - 10/29/21 2 A. – regarding that, yeah. 3 Q. It is the same thing. Do I have 4 that right?	DONDERO - 10/29/21 Q. Okay. So these questions I'm asking in your capacity as HCMS' 30(b)(6) witness. Okay?	363
1 DONDERO - 10/29/21 2 A. – regarding that, yeah. 3 Q. It is the same thing. Do I have 4 that right? 5 A. Yes.	DONDERO - 10/29/21 Q. Okay. So these questions I'm asking in your capacity as HCMS' 30(b)(6) witness. Okay? A. Okay.	363
1 DONDERO - 10/29/21 2 A. – regarding that, yeah. 3 Q. It is the same thing. Do I have 4 that right? 5 A. Yes. 6 Q. Okay. Thank you very much.	DONDERO - 10/29/21 Q. Okay. So these questions I'm asking in your capacity as HCMS' 30(b)(6) witness. Okay? A. Okay. And you recall that one of the	363
1 DONDERO - 10/29/21 2 A. — regarding that, yeah. 3 Q. It is the same thing. Do I have 4 that right? 5 A. Yes. 6 Q. Okay. Thank you very much. 7 Is there anything else you can share	DONDERO - 10/29/21 Q. Okay. So these questions I'm asking in your capacity as HCMS' 30(b)(6) witness. Okay? A. Okay. Q. And you recall that one of the topics under the deposition notice was HCMS'	363
1 DONDERO - 10/29/21 2 A. – regarding that, yeah. 3 Q. It is the same thing. Do I have 4 that right? 5 A. Yes. 6 Q. Okay. Thank you very much. 7 Is there anything else you can share 8 with me about the facts that concern the	DONDERO - 10/29/21 Q. Okay. So these questions I'm asking in your capacity as HCMS' 30(b)(6) witness. Okay? A. Okay. Q. And you recall that one of the topics under the deposition notice was HCMS' answer; right?	363
1 DONDERO - 10/29/21 2 A. — regarding that, yeah. 3 Q. It is the same thing. Do I have 4 that right? 5 A. Yes. 6 Q. Okay. Thank you very much. 7 Is there anything else you can share 8 with me about the facts that concern the 9 affirmative defense in Paragraph 88?	DONDERO - 10/29/21 Q. Okay. So these questions I'm asking in your capacity as HCMS' 30(b)(6) witness. Okay? A. Okay. Q. And you recall that one of the topics under the deposition notice was HCMS' answer; right? Are you prepared to answer questions	363
1 DONDERO - 10/29/21 2 A. — regarding that, yeah. 3 Q. It is the same thing. Do I have 4 that right? 5 A. Yes. 6 Q. Okay. Thank you very much. 7 Is there anything else you can share 8 with me about the facts that concern the 9 affirmative defense in Paragraph 88? 10 A. I think that is — that is — that	DONDERO - 10/29/21 Q. Okay. So these questions I'm asking in your capacity as HCMS' 30(b)(6) witness. Okay? A. Okay. Q. And you recall that one of the topics under the deposition notice was HCMS' answer; right? Are you prepared to answer questions about this document?	363
1 DONDERO - 10/29/21 2 A. — regarding that, yeah. 3 Q. It is the same thing. Do I have 4 that right? 5 A. Yes. 6 Q. Okay. Thank you very much. 7 Is there anything else you can share 8 with me about the facts that concern the 9 affirmative defense in Paragraph 88? 10 A. I think that is — that is — that 11 is it.	DONDERO - 10/29/21 Q. Okay. So these questions I'm asking in your capacity as HCMS' 30(b)(6) witness. Okay? A. Okay. Q. And you recall that one of the topics under the deposition notice was HCMS' answer; right? Are you prepared to answer questions about this document? A. Yep, to the best I can.	363
1 DONDERO - 10/29/21 2 A. — regarding that, yeah. 3 Q. It is the same thing. Do I have 4 that right? 5 A. Yes. 6 Q. Okay. Thank you very much. 7 Is there anything else you can share 8 with me about the facts that concern the 9 affirmative defense in Paragraph 88? 10 A. I think that is — that is — that 11 is it. 12 Q. Okay. Can we change now to	DONDERO - 10/29/21 Q. Okay. So these questions I'm asking in your capacity as HCMS' 30(b)(6) witness. Okay? A. Okay. Q. And you recall that one of the topics under the deposition notice was HCMS' answer; right? Are you prepared to answer questions about this document? A. Yep, to the best I can. Q. Okay. Have you seen it before?	363
1 DONDERO - 10/29/21 2 A. — regarding that, yeah. 3 Q. It is the same thing. Do I have 4 that right? 5 A. Yes. 6 Q. Okay. Thank you very much. 7 Is there anything else you can share 8 with me about the facts that concern the 9 affirmative defense in Paragraph 88? 10 A. I think that is — that is — that 11 is it. 12 Q. Okay. Can we change now to 13 Exhibit 16, which you should have in your pile,	DONDERO - 10/29/21 Q. Okay. So these questions I'm asking in your capacity as HCMS' 30(b)(6) witness. Okay? A. Okay. Q. And you recall that one of the topics under the deposition notice was HCMS' answer; right? Are you prepared to answer questions about this document? A. Yep, to the best I can. Q. Okay. Have you seen it before? A. Yes.	363
1 DONDERO - 10/29/21 2 A. — regarding that, yeah. 3 Q. It is the same thing. Do I have 4 that right? 5 A. Yes. 6 Q. Okay. Thank you very much. 7 Is there anything else you can share 8 with me about the facts that concern the 9 affirmative defense in Paragraph 88? 10 A. I think that is — that is — that 11 is it. 12 Q. Okay. Can we change now to 13 Exhibit 16, which you should have in your pile, 14 which is the answer that was filed by the HCMS	DONDERO - 10/29/21 Q. Okay. So these questions I'm asking in your capacity as HCMS' 30(b)(6) witness. Okay? A. Okay. And you recall that one of the topics under the deposition notice was HCMS' answer; right? Are you prepared to answer questions about this document? A. Yep, to the best I can. Q. Okay. Have you seen it before? A. Yes. And do you know whether HCMS	363
1 DONDERO - 10/29/21 2 A. — regarding that, yeah. 3 Q. It is the same thing. Do I have 4 that right? 5 A. Yes. 6 Q. Okay. Thank you very much. 7 Is there anything else you can share 8 with me about the facts that concern the 9 affirmative defense in Paragraph 88? 10 A. I think that is — that is — that 11 is it. 12 Q. Okay. Can we change now to 13 Exhibit 16, which you should have in your pile, 14 which is the answer that was filed by the HCMS 15 to Highland's amended complaint.	DONDERO - 10/29/21 Q. Okay. So these questions I'm asking in your capacity as HCMS' 30(b)(6) witness. Okay? A. Okay. A. Okay. And you recall that one of the topics under the deposition notice was HCMS' answer; right? Are you prepared to answer questions about this document? A. Yep, to the best I can. Q. Okay. Have you seen it before? A. Yes. A. Yes. And do you know whether HCMS authorized this Stinson firm to file this	363
DONDERO - 10/29/21 A. — regarding that, yeah. Q. It is the same thing. Do I have that right? A. Yes. Q. Okay. Thank you very much. Is there anything else you can share with me about the facts that concern the affirmative defense in Paragraph 88? A. I think that is — that is — that is it. Q. Okay. Can we change now to Exhibit 16, which you should have in your pile, which is the answer that was filed by the HCMS to Highland's amended complaint. (Exhibit 16 marked.)	DONDERO - 10/29/21 Q. Okay. So these questions I'm asking in your capacity as HCMS' 30(b)(6) witness. Okay? A. Okay. Q. And you recall that one of the topics under the deposition notice was HCMS' answer; right? Are you prepared to answer questions about this document? A. Yep, to the best I can. Q. Okay. Have you seen it before? A. Yes. And do you know whether HCMS authorized this Stinson firm to file this document on its behalf at the beginning of	363
1 DONDERO - 10/29/21 2 A. — regarding that, yeah. 3 Q. It is the same thing. Do I have 4 that right? 5 A. Yes. 6 Q. Okay. Thank you very much. 7 Is there anything else you can share 8 with me about the facts that concern the 9 affirmative defense in Paragraph 88? 10 A. I think that is — that is — that 11 is it. 12 Q. Okay. Can we change now to 13 Exhibit 16, which you should have in your pile, 14 which is the answer that was filed by the HCMS 15 to Highland's amended complaint. 16 (Exhibit 16 marked.) 17 A. Which number is this?	DONDERO - 10/29/21 Q. Okay. So these questions I'm asking in your capacity as HCMS' 30(b)(6) witness. Okay? A. Okay. Q. And you recall that one of the topics under the deposition notice was HCMS' answer; right? Are you prepared to answer questions about this document? A. Yep, to the best I can. Q. Okay. Have you seen it before? A. Yes. And do you know whether HCMS authorized this Stinson firm to file this document on its behalf at the beginning of	363
1 DONDERO - 10/29/21 2 A. — regarding that, yeah. 3 Q. It is the same thing. Do I have 4 that right? 5 A. Yes. 6 Q. Okay. Thank you very much. 7 Is there anything else you can share 8 with me about the facts that concern the 9 affirmative defense in Paragraph 88? 10 A. I think that is — that is — that 11 is it. 12 Q. Okay. Can we change now to 13 Exhibit 16, which you should have in your pile, 14 which is the answer that was filed by the HCMS 15 to Highland's amended complaint. 16 (Exhibit 16 marked.) 17 A. Which number is this? 18 Q. It is number 16.	DONDERO - 10/29/21 Q. Okay. So these questions I'm asking in your capacity as HCMS' 30(b)(6) witness. Okay? A. Okay. Q. And you recall that one of the topics under the deposition notice was HCMS' answer; right? Are you prepared to answer questions about this document? A. Yep, to the best I can. Q. Okay. Have you seen it before? A. Yes. A. Yes. And do you know whether HCMS authorized this Stinson firm to file this document on its behalf at the beginning of 2021? A. Yes.	363
DONDERO - 10/29/21 A. — regarding that, yeah. Q. It is the same thing. Do I have that right? A. Yes. Q. Okay. Thank you very much. Is there anything else you can share with me about the facts that concern the affirmative defense in Paragraph 88? A. I think that is — that is — that is it. Q. Okay. Can we change now to Exhibit 16, which you should have in your pile, which is the answer that was filed by the HCMS to Highland's amended complaint. (Exhibit 16 marked.) A. Which number is this? R. Ut is number 16. Q. It is number 16.	DONDERO - 10/29/21 Q. Okay. So these questions I'm asking in your capacity as HCMS' 30(b)(6) witness. Okay? A. Okay. Q. And you recall that one of the topics under the deposition notice was HCMS' answer; right? Are you prepared to answer questions about this document? A. Yep, to the best I can. Q. Okay. Have you seen it before? A. Yes. Q. And do you know whether HCMS authorized this Stinson firm to file this document on its behalf at the beginning of 2021? A. Yes. Q. Did you personally have any role in	363
1 DONDERO - 10/29/21 2 A. — regarding that, yeah. 3 Q. It is the same thing. Do I have 4 that right? 5 A. Yes. 6 Q. Okay. Thank you very much. 7 Is there anything else you can share 8 with me about the facts that concern the 9 affirmative defense in Paragraph 88? 10 A. I think that is — that is — that 11 is it. 12 Q. Okay. Can we change now to 13 Exhibit 16, which you should have in your pile, 14 which is the answer that was filed by the HCMS 15 to Highland's amended complaint. 16 (Exhibit 16 marked.) 17 A. Which number is this? 18 Q. It is number 16. 19 A. 16 in the binder? 20 Q. It should be, yeah.	DONDERO - 10/29/21 Q. Okay. So these questions I'm asking in your capacity as HCMS' 30(b)(6) witness. Okay? A. Okay. Q. And you recall that one of the topics under the deposition notice was HCMS' answer; right? Are you prepared to answer questions about this document? A. Yep, to the best I can. Q. Okay. Have you seen it before? A. Yes. And do you know whether HCMS authorized this Stinson firm to file this document on its behalf at the beginning of 2021? A. Yes. Q. Did you personally have any role in reviewing and preparing this document?	363
DONDERO - 10/29/21 A. — regarding that, yeah. Q. It is the same thing. Do I have that right? A. Yes. Q. Okay. Thank you very much. Is there anything else you can share with me about the facts that concern the affirmative defense in Paragraph 88? A. I think that is — that is — that is it. Q. Okay. Can we change now to Exhibit 16, which you should have in your pile, which is the answer that was filed by the HCMS to Highland's amended complaint. (Exhibit 16 marked.) A. Which number is this? Q. It is number 16. A. 16 in the binder? Q. It should be, yeah. It is out the same thing.	DONDERO - 10/29/21 Q. Okay. So these questions I'm asking in your capacity as HCMS' 30(b)(6) witness. Okay? A. Okay. Q. And you recall that one of the topics under the deposition notice was HCMS' answer; right? Are you prepared to answer questions about this document? A. Yep, to the best I can. Q. Okay. Have you seen it before? A. Yes. Q. And do you know whether HCMS authorized this Stinson firm to file this document on its behalf at the beginning of A. Yes. Q. Did you personally have any role in reviewing and preparing this document? A. I mean, just generally that the	363
1 DONDERO - 10/29/21 2 A regarding that, yeah. 3 Q. It is the same thing. Do I have 4 that right? 5 A. Yes. 6 Q. Okay. Thank you very much. 7 Is there anything else you can share 8 with me about the facts that concern the 9 affirmative defense in Paragraph 88? 10 A. I think that is - that is - that 11 is it. 12 Q. Okay. Can we change now to 13 Exhibit 16, which you should have in your pile, 14 which is the answer that was filed by the HCMS 15 to Highland's amended complaint. 16 (Exhibit 16 marked.) 17 A. Which number is this? 18 Q. It is number 16. 19 A. 16 in the binder? 20 Q. It should be, yeah. 21 A. Yes. Okay. I got it. 22 Q. Okay. And is the first page titled	DONDERO - 10/29/21 Q. Okay. So these questions I'm asking in your capacity as HCMS' 30(b)(6) witness. Okay? A. Okay. Q. And you recall that one of the topics under the deposition notice was HCMS' answer; right? Are you prepared to answer questions about this document? A. Yep, to the best I can. Q. Okay. Have you seen it before? A. Yes. Q. And do you know whether HCMS authorized this Stinson firm to file this document on its behalf at the beginning of 2021? A. Yes. Q. Did you personally have any role in reviewing and preparing this document? A. I mean, just generally that the transition of former Judge Lynn passing and	363
DONDERO - 10/29/21 A. — regarding that, yeah. Q. It is the same thing. Do I have that right? A. Yes. Q. Okay. Thank you very much. Is there anything else you can share with me about the facts that concern the affirmative defense in Paragraph 88? A. I think that is — that is — that is it. Q. Okay. Can we change now to Exhibit 16, which you should have in your pile, which is the answer that was filed by the HCMS to Highland's amended complaint. (Exhibit 16 marked.) A. Which number is this? Q. It is number 16. A. 16 in the binder? Q. Q. It should be, yeah. It is page titled Defendant, Highland Capital Management	DONDERO - 10/29/21 Q. Okay. So these questions I'm asking in your capacity as HCMS' 30(b)(6) witness. Okay? A. Okay. Q. And you recall that one of the topics under the deposition notice was HCMS' answer; right? Are you prepared to answer questions about this document? A. Yep, to the best I can. Q. Okay. Have you seen it before? A. Yes. Q. And do you know whether HCMS authorized this Stinson firm to file this document on its behalf at the beginning of 2021? A. Yes. Q. Did you personally have any role in reviewing and preparing this document? A. I mean, just generally that the transition of former Judge Lynn passing and Bonds Ellis not being able to handle	363
1 DONDERO - 10/29/21 2 A regarding that, yeah. 3 Q. It is the same thing. Do I have 4 that right? 5 A. Yes. 6 Q. Okay. Thank you very much. 7 Is there anything else you can share 8 with me about the facts that concern the 9 affirmative defense in Paragraph 88? 10 A. I think that is - that is - that 11 is it. 12 Q. Okay. Can we change now to 13 Exhibit 16, which you should have in your pile, 14 which is the answer that was filed by the HCMS 15 to Highland's amended complaint. 16 (Exhibit 16 marked.) 17 A. Which number is this? 18 Q. It is number 16. 19 A. 16 in the binder? 20 Q. It should be, yeah. 21 A. Yes. Okay. I got it. 22 Q. Okay. And is the first page titled	DONDERO - 10/29/21 Q. Okay. So these questions I'm asking in your capacity as HCMS' 30(b)(6) witness. Okay? A. Okay. Q. And you recall that one of the topics under the deposition notice was HCMS' answer; right? Are you prepared to answer questions about this document? A. Yep, to the best I can. Q. Okay. Have you seen it before? A. Yes. Q. And do you know whether HCMS authorized this Stinson firm to file this document on its behalf at the beginning of 2021? A. Yes. Q. Did you personally have any role in reviewing and preparing this document? A. I mean, just generally that the transition of former Judge Lynn passing and	363

	Page 364			Page 365
1	DONDERO - 10/29/21	1	DONDERO - 10/29/21	
2	and/or - I think it was - yeah, just	2	Q. Let's go to Paragraph 40 – 94,	
3	whatever. He moved to Stinson from - I think	3	please.	
4	maybe it started at Bonds Ellis and then maybe	4	MS. DEITSCH-PEREZ: We may be	
5	it went to Wick Phillips and then it went to	5	imperfect creatures as lawyers.	
6	Stinson, but, you know, there was a migration	6	A. Yes.	
7	of these notes in general.	7	Q. Okay.	
8	Q. Was there a particular person who	8	A. Yes.	
9	was charged with the responsibility of	9	Q. Okay. I was just going to say, do	
10	approving and authorizing the filing of this	10	you see from Paragraphs 94 through 102 HCMS has	
11	document on behalf of HCMS?	11	set forth its affirmative defenses?	
12	A. Like I said, I think generally that	12	A. Yes.	
13	was myself.	13	Q. Okay. Let's – let's start with the	
14	Q. Okay. Are you aware of anything in	14	first one.	
15	this document today that is inaccurate in any	15	Do you see in Paragraph 94 HCMS	
16	way?	16	asserts that, quote: Plaintiff's claims are	
17	A. Not specifically.	17	barred, in whole or in part, by the doctrine of	
18	Q. Are you aware of anything generally	18	justification and/or repudiation?	
19	in this document that is inaccurate in any way?	19	A. Yes.	
20	A. Not at the moment.	20	Q. Are you aware of any facts that	
21	Q. Are you aware of anything in this	21	concern that particular defense?	
22	document that you believe should be modified or	22	A. I believe this they were material	
23	amended to make it more complete or more	23	prepayments of the loan. I believe that is	
24	accurate?	24	those are the – they were material and	
25	A. Not yet.	25	numerous prepayments of the loan, which I think	
\vdash	Page 366			Dog 267
		١.		Page 367
1	DONDERO - 10/29/21	1	DONDERO - 10/29/21	Page 307
2	DONDERO - 10/29/21 was – that is incorporated into that defense.	2	ever did before this week to put Highland on	Page 367
١.	DONDERO - 10/29/21 was – that is incorporated into that defense. Q. Okay. We will talk about the – the		ever did before this week to put Highland on notice that it contended that it didn't have to	Page 307
2	DONDERO - 10/29/21 was – that is incorporated into that defense. Q. Okay. We will talk about the – the details of that in a moment, but are there any	2 3 4	ever did before this week to put Highland on notice that it contended that it didn't have to pay its obligations under the notes because of	Page 307
2 3 4 5	DONDERO - 10/29/21 was – that is incorporated into that defense. Q. Okay. We will talk about the – the details of that in a moment, but are there any other kind of broad statements that you can	2 3 4 5	ever did before this week to put Highland on notice that it contended that it didn't have to pay its obligations under the notes because of a prepayment defense?	Page 307
2 3 4 5 6	DONDERO - 10/29/21 was – that is incorporated into that defense. Q. Okay. We will talk about the – the details of that in a moment, but are there any other kind of broad statements that you can give me that identify facts related to this	2 3 4 5 6	ever did before this week to put Highland on notice that it contended that it didn't have to pay its obligations under the notes because of a prepayment defense? MS. DEITSCH-PEREZ: Object to the	Fage 307
2 3 4 5 6 7	DONDERO - 10/29/21 was – that is incorporated into that defense. Q. Okay. We will talk about the – the details of that in a moment, but are there any other kind of broad statements that you can give me that identify facts related to this particular affirmative defense?	2 3 4 5 6 7	ever did before this week to put Highland on notice that it contended that it didn't have to pay its obligations under the notes because of a prepayment defense? MS. DEITSCH-PEREZ: Object to the form.	Fage 307
2 3 4 5 6	DONDERO - 10/29/21 was – that is incorporated into that defense. Q. Okay. We will talk about the – the details of that in a moment, but are there any other kind of broad statements that you can give me that identify facts related to this	2 3 4 5 6 7 8	ever did before this week to put Highland on notice that it contended that it didn't have to pay its obligations under the notes because of a prepayment defense? MS. DEITSCH-PEREZ: Object to the form. A. We have no records. I'm not sure we	Fage 307
2 3 4 5 6 7 8 9	DONDERO - 10/29/21 was – that is incorporated into that defense. Q. Okay. We will talk about the – the details of that in a moment, but are there any other kind of broad statements that you can give me that identify facts related to this particular affirmative defense? MS. DEITSCH-PEREZ: Object to the form.	2 3 4 5 6 7 8 9	ever did before this week to put Highland on notice that it contended that it didn't have to pay its obligations under the notes because of a prepayment defense? MS. DEITSCH-PEREZ: Object to the form. A. We have no records. I'm not sure we would have ever been in a position to — to do	Fage 307
2 3 4 5 6 7 8 9	DONDERO - 10/29/21 was – that is incorporated into that defense. Q. Okay. We will talk about the – the details of that in a moment, but are there any other kind of broad statements that you can give me that identify facts related to this particular affirmative defense? MS. DEITSCH-PEREZ: Object to the form. A. That is all I have at the moment.	2 3 4 5 6 7 8 9	ever did before this week to put Highland on notice that it contended that it didn't have to pay its obligations under the notes because of a prepayment defense? MS. DEITSCH-PEREZ: Object to the form. A. We have no records. I'm not sure we would have ever been in a position to — to do that. The — you know, we were relying on	Fage 307
2 3 4 5 6 7 8 9	DONDERO - 10/29/21 was – that is incorporated into that defense. Q. Okay. We will talk about the – the details of that in a moment, but are there any other kind of broad statements that you can give me that identify facts related to this particular affirmative defense? MS. DEITSCH-PEREZ: Object to the form. A. That is all I have at the moment. Q. Okay. Do you know whether any	2 3 4 5 6 7 8 9 10 11	ever did before this week to put Highland on notice that it contended that it didn't have to pay its obligations under the notes because of a prepayment defense? MS. DEITSCH-PEREZ: Object to the form. A. We have no records. I'm not sure we would have ever been in a position to — to do that. The — you know, we were relying on shared services from Highland, and Highland had	Fage 307
2 3 4 5 6 7 8 9	DONDERO - 10/29/21 was – that is incorporated into that defense. Q. Okay. We will talk about the – the details of that in a moment, but are there any other kind of broad statements that you can give me that identify facts related to this particular affirmative defense? MS. DEITSCH-PEREZ: Object to the form. A. That is all I have at the moment. Q. Okay. Do you know whether any document that HCMS ever filed with the	2 3 4 5 6 7 8 9 10 11 12	ever did before this week to put Highland on notice that it contended that it didn't have to pay its obligations under the notes because of a prepayment defense? MS. DEITSCH-PEREZ: Object to the form. A. We have no records. I'm not sure we would have ever been in a position to — to do that. The — you know, we were relying on shared services from Highland, and Highland had all the records regarding the amounts and	Fage 307
2 3 4 5 6 7 8 9 10	DONDERO - 10/29/21 was – that is incorporated into that defense. Q. Okay. We will talk about the – the details of that in a moment, but are there any other kind of broad statements that you can give me that identify facts related to this particular affirmative defense? MS. DEITSCH-PEREZ: Object to the form. A. That is all I have at the moment. Q. Okay. Do you know whether any document that HCMS ever filed with the bankruptcy court ever asserted, as in a	2 3 4 5 6 7 8 9 10 11	ever did before this week to put Highland on notice that it contended that it didn't have to pay its obligations under the notes because of a prepayment defense? MS. DEITSCH-PEREZ: Object to the form. A. We have no records. I'm not sure we would have ever been in a position to — to do that. The — you know, we were relying on shared services from Highland, and Highland had all the records regarding the amounts and prepayments, et cetera.	Fage 307
2 3 4 5 6 7 8 9 10 11 12	DONDERO - 10/29/21 was – that is incorporated into that defense. Q. Okay. We will talk about the – the details of that in a moment, but are there any other kind of broad statements that you can give me that identify facts related to this particular affirmative defense? MS. DEITSCH-PEREZ: Object to the form. A. That is all I have at the moment. Q. Okay. Do you know whether any document that HCMS ever filed with the bankruptcy court ever asserted, as in a defense, that they didn't have to pay because	2 3 4 5 6 7 8 9 10 11 12 13 14	ever did before this week to put Highland on notice that it contended that it didn't have to pay its obligations under the notes because of a prepayment defense? MS. DEITSCH-PEREZ: Object to the form. A. We have no records. I'm not sure we would have ever been in a position to — to do that. The — you know, we were relying on shared services from Highland, and Highland had all the records regarding the amounts and prepayments, et cetera. Q. When did you learn that HCMS had	Fage 307
2 3 4 5 6 7 8 9 10 11 12 13	DONDERO - 10/29/21 was – that is incorporated into that defense. Q. Okay. We will talk about the – the details of that in a moment, but are there any other kind of broad statements that you can give me that identify facts related to this particular affirmative defense? MS. DEITSCH-PEREZ: Object to the form. A. That is all I have at the moment. Q. Okay. Do you know whether any document that HCMS ever filed with the bankruptcy court ever asserted, as in a defense, that they didn't have to pay because they had prepaid any obligations that were due	2 3 4 5 6 7 8 9 10 11 12 13 14 15	ever did before this week to put Highland on notice that it contended that it didn't have to pay its obligations under the notes because of a prepayment defense? MS. DEITSCH-PEREZ: Object to the form. A. We have no records. I'm not sure we would have ever been in a position to — to do that. The — you know, we were relying on shared services from Highland, and Highland had all the records regarding the amounts and prepayments, et cetera. Q. When did you learn that HCMS had made a prepayment to Highland?	Fage 307
2 3 4 5 6 7 8 9 10 11 12 13 14	DONDERO - 10/29/21 was – that is incorporated into that defense. Q. Okay. We will talk about the – the details of that in a moment, but are there any other kind of broad statements that you can give me that identify facts related to this particular affirmative defense? MS. DEITSCH-PEREZ: Object to the form. A. That is all I have at the moment. Q. Okay. Do you know whether any document that HCMS ever filed with the bankruptcy court ever asserted, as in a defense, that they didn't have to pay because	2 3 4 5 6 7 8 9 10 11 12 13 14	ever did before this week to put Highland on notice that it contended that it didn't have to pay its obligations under the notes because of a prepayment defense? MS. DEITSCH-PEREZ: Object to the form. A. We have no records. I'm not sure we would have ever been in a position to — to do that. The — you know, we were relying on shared services from Highland, and Highland had all the records regarding the amounts and prepayments, et cetera. Q. When did you learn that HCMS had made a prepayment to Highland? A. I don't know, but I — I imagine —	Fage 307
2 3 4 5 6 7 8 9 10 11 12 13 14 15	DONDERO - 10/29/21 was – that is incorporated into that defense. Q. Okay. We will talk about the – the details of that in a moment, but are there any other kind of broad statements that you can give me that identify facts related to this particular affirmative defense? MS. DEITSCH-PEREZ: Object to the form. A. That is all I have at the moment. Q. Okay. Do you know whether any document that HCMS ever filed with the bankruptcy court ever asserted, as in a defense, that they didn't have to pay because they had prepaid any obligations that were due	2 3 4 5 6 7 8 9 10 11 12 13 14 15	ever did before this week to put Highland on notice that it contended that it didn't have to pay its obligations under the notes because of a prepayment defense? MS. DEITSCH-PEREZ: Object to the form. A. We have no records. I'm not sure we would have ever been in a position to — to do that. The — you know, we were relying on shared services from Highland, and Highland had all the records regarding the amounts and prepayments, et cetera. Q. When did you learn that HCMS had made a prepayment to Highland?	Fage 307
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	DONDERO - 10/29/21 was – that is incorporated into that defense. Q. Okay. We will talk about the – the details of that in a moment, but are there any other kind of broad statements that you can give me that identify facts related to this particular affirmative defense? MS. DEITSCH-PEREZ: Object to the form. A. That is all I have at the moment. Q. Okay. Do you know whether any document that HCMS ever filed with the bankruptcy court ever asserted, as in a defense, that they didn't have to pay because they had prepaid any obligations that were due and owing?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	ever did before this week to put Highland on notice that it contended that it didn't have to pay its obligations under the notes because of a prepayment defense? MS. DEITSCH-PEREZ: Object to the form. A. We have no records. I'm not sure we would have ever been in a position to — to do that. The — you know, we were relying on shared services from Highland, and Highland had all the records regarding the amounts and prepayments, et cetera. Q. When did you learn that HCMS had made a prepayment to Highland? A. I don't know, but I — I imagine —	Fage 307
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	DONDERO - 10/29/21 was – that is incorporated into that defense. Q. Okay. We will talk about the – the details of that in a moment, but are there any other kind of broad statements that you can give me that identify facts related to this particular affirmative defense? MS. DEITSCH-PEREZ: Object to the form. A. That is all I have at the moment. Q. Okay. Do you know whether any document that HCMS ever filed with the bankruptcy court ever asserted, as in a defense, that they didn't have to pay because they had prepaid any obligations that were due and owing? MS. DEITSCH-PEREZ: Object to the	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	ever did before this week to put Highland on notice that it contended that it didn't have to pay its obligations under the notes because of a prepayment defense? MS. DEITSCH-PEREZ: Object to the form. A. We have no records. I'm not sure we would have ever been in a position to – to do that. The – you know, we were relying on shared services from Highland, and Highland had all the records regarding the amounts and prepayments, et cetera. Q. When did you learn that HCMS had made a prepayment to Highland? A. I don't know, but I – I imagine – I imagine it was – if you are asking why it	Fage 307
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	DONDERO - 10/29/21 was – that is incorporated into that defense. Q. Okay. We will talk about the – the details of that in a moment, but are there any other kind of broad statements that you can give me that identify facts related to this particular affirmative defense? MS. DEITSCH-PEREZ: Object to the form. A. That is all I have at the moment. Q. Okay. Do you know whether any document that HCMS ever filed with the bankruptcy court ever asserted, as in a defense, that they didn't have to pay because they had prepaid any obligations that were due and owing? MS. DEITSCH-PEREZ: Object to the form.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	ever did before this week to put Highland on notice that it contended that it didn't have to pay its obligations under the notes because of a prepayment defense? MS. DEITSCH-PEREZ: Object to the form. A. We have no records. I'm not sure we would have ever been in a position to — to do that. The — you know, we were relying on shared services from Highland, and Highland had all the records regarding the amounts and prepayments, et cetera. Q. When did you learn that HCMS had made a prepayment to Highland? A. I don't know, but I — I imagine — I imagine it was — if you are asking why it wasn't mentioned earlier but then mentioned	Fage 307
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	DONDERO - 10/29/21 was – that is incorporated into that defense. Q. Okay. We will talk about the – the details of that in a moment, but are there any other kind of broad statements that you can give me that identify facts related to this particular affirmative defense? MS. DEITSCH-PEREZ: Object to the form. A. That is all I have at the moment. Q. Okay. Do you know whether any document that HCMS ever filed with the bankruptcy court ever asserted, as in a defense, that they didn't have to pay because they had prepaid any obligations that were due and owing? MS. DEITSCH-PEREZ: Object to the form. A. I don't have awareness.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	ever did before this week to put Highland on notice that it contended that it didn't have to pay its obligations under the notes because of a prepayment defense? MS. DEITSCH-PEREZ: Object to the form. A. We have no records. I'm not sure we would have ever been in a position to — to do that. The — you know, we were relying on shared services from Highland, and Highland had all the records regarding the amounts and prepayments, et cetera. Q. When did you learn that HCMS had made a prepayment to Highland? A. I don't know, but I — I imagine — I imagine it was — if you are asking why it wasn't mentioned earlier but then mentioned later, it is because somewhere in that time	Fage 307
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	DONDERO - 10/29/21 was – that is incorporated into that defense. Q. Okay. We will talk about the – the details of that in a moment, but are there any other kind of broad statements that you can give me that identify facts related to this particular affirmative defense? MS. DEITSCH-PEREZ: Object to the form. A. That is all I have at the moment. Q. Okay. Do you know whether any document that HCMS ever filed with the bankruptcy court ever asserted, as in a defense, that they didn't have to pay because they had prepaid any obligations that were due and owing? MS. DEITSCH-PEREZ: Object to the form. A. I don't have awareness. Q. And this document doesn't – doesn't	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	ever did before this week to put Highland on notice that it contended that it didn't have to pay its obligations under the notes because of a prepayment defense? MS. DEITSCH-PEREZ: Object to the form. A. We have no records. I'm not sure we would have ever been in a position to — to do that. The — you know, we were relying on shared services from Highland, and Highland had all the records regarding the amounts and prepayments, et cetera. Q. When did you learn that HCMS had made a prepayment to Highland? A. I don't know, but I — I imagine — I imagine it was — if you are asking why it wasn't mentioned earlier but then mentioned later, it is because somewhere in that time period we became aware.	Fage 307
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	DONDERO - 10/29/21 was – that is incorporated into that defense. Q. Okay. We will talk about the – the details of that in a moment, but are there any other kind of broad statements that you can give me that identify facts related to this particular affirmative defense? MS. DEITSCH-PEREZ: Object to the form. A. That is all I have at the moment. Q. Okay. Do you know whether any document that HCMS ever filed with the bankruptcy court ever asserted, as in a defense, that they didn't have to pay because they had prepaid any obligations that were due and owing? MS. DEITSCH-PEREZ: Object to the form. A. I don't have awareness. Q. And this document doesn't – doesn't use the word "prepayment" anywhere, does it?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	ever did before this week to put Highland on notice that it contended that it didn't have to pay its obligations under the notes because of a prepayment defense? MS. DEITSCH-PEREZ: Object to the form. A. We have no records. I'm not sure we would have ever been in a position to — to do that. The — you know, we were relying on shared services from Highland, and Highland had all the records regarding the amounts and prepayments, et cetera. Q. When did you learn that HCMS had made a prepayment to Highland? A. I don't know, but I — I imagine — I imagine it was — if you are asking why it wasn't mentioned earlier but then mentioned later, it is because somewhere in that time period we became aware. Q. So you didn't — you didn't have	Fage 307
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	DONDERO - 10/29/21 was – that is incorporated into that defense. Q. Okay. We will talk about the – the details of that in a moment, but are there any other kind of broad statements that you can give me that identify facts related to this particular affirmative defense? MS. DEITSCH-PEREZ: Object to the form. A. That is all I have at the moment. Q. Okay. Do you know whether any document that HCMS ever filed with the bankruptcy court ever asserted, as in a defense, that they didn't have to pay because they had prepaid any obligations that were due and owing? MS. DEITSCH-PEREZ: Object to the form. A. I don't have awareness. Q. And this document doesn't – doesn't use the word "prepayment" anywhere, does it? MS. DEITSCH-PEREZ: Object to the	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	ever did before this week to put Highland on notice that it contended that it didn't have to pay its obligations under the notes because of a prepayment defense? MS. DEITSCH-PEREZ: Object to the form. A. We have no records. I'm not sure we would have ever been in a position to — to do that. The — you know, we were relying on shared services from Highland, and Highland had all the records regarding the amounts and prepayments, et cetera. Q. When did you learn that HCMS had made a prepayment to Highland? A. I don't know, but I — I imagine — I imagine it was — if you are asking why it wasn't mentioned earlier but then mentioned later, it is because somewhere in that time period we became aware. Q. So you didn't — you didn't have knowledge of the prepayment until the debtor	Page 307
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	DONDERO - 10/29/21 was – that is incorporated into that defense. Q. Okay. We will talk about the – the details of that in a moment, but are there any other kind of broad statements that you can give me that identify facts related to this particular affirmative defense? MS. DEITSCH-PEREZ: Object to the form. A. That is all I have at the moment. Q. Okay. Do you know whether any document that HCMS ever filed with the bankruptcy court ever asserted, as in a defense, that they didn't have to pay because they had prepaid any obligations that were due and owing? MS. DEITSCH-PEREZ: Object to the form. A. I don't have awareness. Q. And this document doesn't – doesn't use the word "prepayment" anywhere, does it? MS. DEITSCH-PEREZ: Object to the form.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	ever did before this week to put Highland on notice that it contended that it didn't have to pay its obligations under the notes because of a prepayment defense? MS. DEITSCH-PEREZ: Object to the form. A. We have no records. I'm not sure we would have ever been in a position to — to do that. The — you know, we were relying on shared services from Highland, and Highland had all the records regarding the amounts and prepayments, et cetera. Q. When did you learn that HCMS had made a prepayment to Highland? A. I don't know, but I — I imagine — I imagine it was — if you are asking why it wasn't mentioned earlier but then mentioned later, it is because somewhere in that time period we became aware. Q. So you didn't — you didn't have knowledge of the prepayment until the debtor produced documents. Do I have that right?	Fage 307

				D
1	Page 368 DONDERO - 10/29/21	1	DONDERO - 10/29/21	Page 369
2	prepayment?	2	material prepayments, but I don't know exactly	
3	A. I don't know. I just know that we	3	when they were made.	
4	became aware of that being a material fact	4	Q. Do you know what year they were	
5	somewhere along the line.	5	made?	
6	Q. Do you remember when you learned	6	A. No, but no, but no, I don't.	
7	that material fact?	7	MS. DEITSCH-PEREZ: If you want,	
8	A. No.	8	John, if you would like for him to give you	
9	Q. Do you have any facts that you can	9	dates, he could probably dig up the	
10	share with me concerning the prepayment?	10	spreadsheet and give you dates, but you	
11	A. Eventually there was a spreadsheet	11	have it also.	
12	that summarized it, but I don't - I don't	12	MR. MORRIS: Thank you. Okay. I	
13	know - I don't know when that occurred.	13	think we're doing just fine here.	
14	Q. Does – does this defense of	14	Q. Do you know if there were any	
15	prepayment apply to demand notes or a term	15	prepayments made by HCMS in 2018?	
16	note?	16	A. I don't know the specifics off the	
17	A. I would – I would – I would say,	17	top of my head.	
18	you know, primarily a term note, but - yeah, I	18	Q. Do you know if HCMS made any	
19	think primarily the term note because I think	19	prepayments in 2019?	
20	that was the one that was declared to be in	20	A. I don't know the specifics off the	
21	default of share, you know, whatever, so I	21	top of my head.	
22	think it was regarding the term note.	22	Q. Are you aware that under the term	
23	Q. Do you recall – do you have any	23	note, HCMS was required to pay annual	
24	knowledge as to when the prepayment was made?	24	installment payments at the end of each year?	
25	A. I believe there were numerous and	25	MS. DEITSCH-PEREZ: Object to the	
1				
	Page 370			Page 371
1	DONDERO - 10/29/21	1	DONDERO - 10/29/21	Page 371
2	DONDERO - 10/29/21 form.	2	to the extent that there was a screw-up, on the	Page 371
2 3	DONDERO - 10/29/21 form. A. I wouldn't say it like that.	_	to the extent that there was a screw-up, on the term loans.	Page 371
2 3 4	DONDERO - 10/29/21 form. A. I wouldn't say it like that. Q. We will look – we will look at the	2 3 4	to the extent that there was a screw-up, on the term loans. Q. What screw-up are you referring to?	Page 371
2 3 4 5	DONDERO - 10/29/21 form. A. I wouldn't say it like that. Q. We will look – we will look at the documents in a few minutes.	2 3 4 5	to the extent that there was a screw-up, on the term loans. Q. What screw-up are you referring to? A. Well, we didn't have accountants or	Page 371
2 3 4 5 6	DONDERO - 10/29/21 form. A. I wouldn't say it like that. Q. We will look – we will look at the documents in a few minutes. Are you aware of any facts that	2 3 4 5 6	to the extent that there was a screw-up, on the term loans. Q. What screw-up are you referring to? A. Well, we didn't have accountants or employees at Services, you know, and Services	Page 371
2 3 4 5	DONDERO - 10/29/21 form. A. I wouldn't say it like that. Q. We will look – we will look at the documents in a few minutes. Are you aware of any facts that support the justification or repudiation	2 3 4 5	to the extent that there was a screw-up, on the term loans. Q. What screw-up are you referring to? A. Well, we didn't have accountants or employees at Services, you know, and Services was relying on Highland and shared services to	Page 371
2 3 4 5 6 7 8	pondero - 10/29/21 form. A. I wouldn't say it like that. Q. We will look – we will look at the documents in a few minutes. Are you aware of any facts that support the justification or repudiation defense in Paragraph 94 other than what you	2 3 4 5 6 7 8	to the extent that there was a screw-up, on the term loans. Q. What screw-up are you referring to? A. Well, we didn't have accountants or employees at Services, you know, and Services was relying on Highland and shared services to stay in compliance or to – on the various	Page 371
2 3 4 5 6 7 8 9	pondero - 10/29/21 form. A. I wouldn't say it like that. Q. We will look – we will look at the documents in a few minutes. Are you aware of any facts that support the justification or repudiation defense in Paragraph 94 other than what you have testified to so far?	2 3 4 5 6 7 8 9	to the extent that there was a screw-up, on the term loans. Q. What screw-up are you referring to? A. Well, we didn't have accountants or employees at Services, you know, and Services was relying on Highland and shared services to stay in compliance or to – on the various loans.	Page 371
2 3 4 5 6 7 8 9	pondero - 10/29/21 form. A. I wouldn't say it like that. Q. We will look – we will look at the documents in a few minutes. Are you aware of any facts that support the justification or repudiation defense in Paragraph 94 other than what you have testified to so far? A. I think it is largely the prepayment	2 3 4 5 6 7 8 9	to the extent that there was a screw-up, on the term loans. Q. What screw-up are you referring to? A. Well, we didn't have accountants or employees at Services, you know, and Services was relying on Highland and shared services to stay in compliance or to – on the various loans. Q. Did you ever personally instruct	Page 371
2 3 4 5 6 7 8 9 10	pondero - 10/29/21 form. A. I wouldn't say it like that. Q. We will look – we will look at the documents in a few minutes. Are you aware of any facts that support the justification or repudiation defense in Paragraph 94 other than what you have testified to so far? A. I think it is largely the prepayment aspect of it that is captured there.	2 3 4 5 6 7 8 9 10	to the extent that there was a screw-up, on the term loans. Q. What screw-up are you referring to? A. Well, we didn't have accountants or employees at Services, you know, and Services was relying on Highland and shared services to stay in compliance or to – on the various loans. Q. Did you ever personally instruct anybody in December of 2020 to make a payment	Page 371
2 3 4 5 6 7 8 9 10 11 12	pondero - 10/29/21 form. A. I wouldn't say it like that. Q. We will look – we will look at the documents in a few minutes. Are you aware of any facts that support the justification or repudiation defense in Paragraph 94 other than what you have testified to so far? A. I think it is largely the prepayment aspect of it that is captured there. Q. Okay. And – and – all right. I	2 3 4 5 6 7 8 9 10 11 12	to the extent that there was a screw-up, on the term loans. Q. What screw-up are you referring to? A. Well, we didn't have accountants or employees at Services, you know, and Services was relying on Highland and shared services to stay in compliance or to – on the various loans. Q. Did you ever personally instruct anybody in December of 2020 to make a payment on behalf of HCMS under the term note?	Page 371
2 3 4 5 6 7 8 9 10 11 12 13	pondero - 10/29/21 form. A. I wouldn't say it like that. Q. We will look – we will look at the documents in a few minutes. Are you aware of any facts that support the justification or repudiation defense in Paragraph 94 other than what you have testified to so far? A. I think it is largely the prepayment aspect of it that is captured there. Q. Okay. And – and – all right. I will leave it at that.	2 3 4 5 6 7 8 9 10 11 12 13	to the extent that there was a screw-up, on the term loans. Q. What screw-up are you referring to? A. Well, we didn't have accountants or employees at Services, you know, and Services was relying on Highland and shared services to stay in compliance or to – on the various loans. Q. Did you ever personally instruct anybody in December of 2020 to make a payment on behalf of HCMS under the term note? A. To make – I'm sorry, is this –	Page 371
2 3 4 5 6 7 8 9 10 11 12 13	pondero - 10/29/21 form. A. I wouldn't say it like that. Q. We will look – we will look at the documents in a few minutes. Are you aware of any facts that support the justification or repudiation defense in Paragraph 94 other than what you have testified to so far? A. I think it is largely the prepayment aspect of it that is captured there. Q. Okay. And – and – all right. I will leave it at that. Let's go to Paragraph 95. Do you	2 3 4 5 6 7 8 9 10 11 12 13 14	to the extent that there was a screw-up, on the term loans. Q. What screw-up are you referring to? A. Well, we didn't have accountants or employees at Services, you know, and Services was relying on Highland and shared services to stay in compliance or to – on the various loans. Q. Did you ever personally instruct anybody in December of 2020 to make a payment on behalf of HCMS under the term note? A. To make – I'm sorry, is this – what was the timeframe again?	Page 371
2 3 4 5 6 7 8 9 10 11 12 13 14 15	form. A. I wouldn't say it like that. Q. We will look – we will look at the documents in a few minutes. Are you aware of any facts that support the justification or repudiation defense in Paragraph 94 other than what you have testified to so far? A. I think it is largely the prepayment aspect of it that is captured there. Q. Okay. And – and – all right. I will leave it at that. Let's go to Paragraph 95. Do you see the affirmative defense in 95 is that,	2 3 4 5 6 7 8 9 10 11 12 13 14 15	to the extent that there was a screw-up, on the term loans. Q. What screw-up are you referring to? A. Well, we didn't have accountants or employees at Services, you know, and Services was relying on Highland and shared services to stay in compliance or to – on the various loans. Q. Did you ever personally instruct anybody in December of 2020 to make a payment on behalf of HCMS under the term note? A. To make – I'm sorry, is this – what was the timeframe again? Q. December 2020 – let's just say	Page 371
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	form. A. I wouldn't say it like that. Q. We will look – we will look at the documents in a few minutes. Are you aware of any facts that support the justification or repudiation defense in Paragraph 94 other than what you have testified to so far? A. I think it is largely the prepayment aspect of it that is captured there. Q. Okay. And – and – all right. I will leave it at that. Let's go to Paragraph 95. Do you see the affirmative defense in 95 is that, quote, plaintiff's claims are barred in whole	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	to the extent that there was a screw-up, on the term loans. Q. What screw-up are you referring to? A. Well, we didn't have accountants or employees at Services, you know, and Services was relying on Highland and shared services to stay in compliance or to – on the various loans. Q. Did you ever personally instruct anybody in December of 2020 to make a payment on behalf of HCMS under the term note? A. To make – I'm sorry, is this – what was the timeframe again? Q. December 2020 – let's just say anytime in 2020. Did you, in your capacity as	Page 371
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	pondero - 10/29/21 form. A. I wouldn't say it like that. Q. We will look – we will look at the documents in a few minutes. Are you aware of any facts that support the justification or repudiation defense in Paragraph 94 other than what you have testified to so far? A. I think it is largely the prepayment aspect of it that is captured there. Q. Okay. And – and – all right. I will leave it at that. Let's go to Paragraph 95. Do you see the affirmative defense in 95 is that, quote, plaintiff's claims are barred in whole or in part by the doctrine of estoppel.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	to the extent that there was a screw-up, on the term loans. Q. What screw-up are you referring to? A. Well, we didn't have accountants or employees at Services, you know, and Services was relying on Highland and shared services to stay in compliance or to – on the various loans. Q. Did you ever personally instruct anybody in December of 2020 to make a payment on behalf of HCMS under the term note? A. To make – I'm sorry, is this – what was the timeframe again? Q. December 2020 – let's just say anytime in 2020. Did you, in your capacity as the person in control of HCMS, ever direct or	Page 371
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	form. A. I wouldn't say it like that. Q. We will look – we will look at the documents in a few minutes. Are you aware of any facts that support the justification or repudiation defense in Paragraph 94 other than what you have testified to so far? A. I think it is largely the prepayment aspect of it that is captured there. Q. Okay. And – and – all right. I will leave it at that. Let's go to Paragraph 95. Do you see the affirmative defense in 95 is that, quote, plaintiff's claims are barred in whole or in part by the doctrine of estoppel. Do you see that?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	to the extent that there was a screw-up, on the term loans. Q. What screw-up are you referring to? A. Well, we didn't have accountants or employees at Services, you know, and Services was relying on Highland and shared services to stay in compliance or to – on the various loans. Q. Did you ever personally instruct anybody in December of 2020 to make a payment on behalf of HCMS under the term note? A. To make – I'm sorry, is this – what was the timeframe again? Q. December 2020 – let's just say anytime in 2020. Did you, in your capacity as the person in control of HCMS, ever direct or authorize any person in the world to make a	Page 371
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	form. A. I wouldn't say it like that. Q. We will look – we will look at the documents in a few minutes. Are you aware of any facts that support the justification or repudiation defense in Paragraph 94 other than what you have testified to so far? A. I think it is largely the prepayment aspect of it that is captured there. Q. Okay. And – and – all right. I will leave it at that. Let's go to Paragraph 95. Do you see the affirmative defense in 95 is that, quote, plaintiff's claims are barred in whole or in part by the doctrine of estoppel. Do you see that? A. Yes.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	to the extent that there was a screw-up, on the term loans. Q. What screw-up are you referring to? A. Well, we didn't have accountants or employees at Services, you know, and Services was relying on Highland and shared services to stay in compliance or to – on the various loans. Q. Did you ever personally instruct anybody in December of 2020 to make a payment on behalf of HCMS under the term note? A. To make – I'm sorry, is this – what was the timeframe again? Q. December 2020 – let's just say anytime in 2020. Did you, in your capacity as the person in control of HCMS, ever direct or authorize any person in the world to make a payment from HCMS to Highland in satisfaction	Page 371
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	pondero - 10/29/21 form. A. I wouldn't say it like that. Q. We will look – we will look at the documents in a few minutes. Are you aware of any facts that support the justification or repudiation defense in Paragraph 94 other than what you have testified to so far? A. I think it is largely the prepayment aspect of it that is captured there. Q. Okay. And – and – all right. I will leave it at that. Let's go to Paragraph 95. Do you see the affirmative defense in 95 is that, quote, plaintiff's claims are barred in whole or in part by the doctrine of estoppel. Do you see that? A. Yes. Q. Do you have any facts as the	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	to the extent that there was a screw-up, on the term loans. Q. What screw-up are you referring to? A. Well, we didn't have accountants or employees at Services, you know, and Services was relying on Highland and shared services to stay in compliance or to – on the various loans. Q. Did you ever personally instruct anybody in December of 2020 to make a payment on behalf of HCMS under the term note? A. To make – I'm sorry, is this – what was the timeframe again? Q. December 2020 – let's just say anytime in 2020. Did you, in your capacity as the person in control of HCMS, ever direct or authorize any person in the world to make a payment from HCMS to Highland in satisfaction of the obligation that was due under the term	Page 371
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	form. A. I wouldn't say it like that. Q. We will look – we will look at the documents in a few minutes. Are you aware of any facts that support the justification or repudiation defense in Paragraph 94 other than what you have testified to so far? A. I think it is largely the prepayment aspect of it that is captured there. Q. Okay. And – and – all right. I will leave it at that. Let's go to Paragraph 95. Do you see the affirmative defense in 95 is that, quote, plaintiff's claims are barred in whole or in part by the doctrine of estoppel. Do you see that? A. Yes. Q. Do you have any facts as the 30(b)(6) witness of HCMS that concern that	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	to the extent that there was a screw-up, on the term loans. Q. What screw-up are you referring to? A. Well, we didn't have accountants or employees at Services, you know, and Services was relying on Highland and shared services to stay in compliance or to – on the various loans. Q. Did you ever personally instruct anybody in December of 2020 to make a payment on behalf of HCMS under the term note? A. To make – I'm sorry, is this – what was the timeframe again? Q. December 2020 – let's just say anytime in 2020. Did you, in your capacity as the person in control of HCMS, ever direct or authorize any person in the world to make a payment from HCMS to Highland in satisfaction of the obligation that was due under the term note at the end of the year?	Page 371
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	pondero - 10/29/21 form. A. I wouldn't say it like that. Q. We will look – we will look at the documents in a few minutes. Are you aware of any facts that support the justification or repudiation defense in Paragraph 94 other than what you have testified to so far? A. I think it is largely the prepayment aspect of it that is captured there. Q. Okay. And – and – all right. I will leave it at that. Let's go to Paragraph 95. Do you see the affirmative defense in 95 is that, quote, plaintiff's claims are barred in whole or in part by the doctrine of estoppel. Do you see that? A. Yes. Q. Do you have any facts as the 30(b)(6) witness of HCMS that concern that particular affirmative defense?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	to the extent that there was a screw-up, on the term loans. Q. What screw-up are you referring to? A. Well, we didn't have accountants or employees at Services, you know, and Services was relying on Highland and shared services to stay in compliance or to – on the various loans. Q. Did you ever personally instruct anybody in December of 2020 to make a payment on behalf of HCMS under the term note? A. To make – I'm sorry, is this – what was the timeframe again? Q. December 2020 – let's just say anytime in 2020. Did you, in your capacity as the person in control of HCMS, ever direct or authorize any person in the world to make a payment from HCMS to Highland in satisfaction of the obligation that was due under the term note at the end of the year? A. Not that – not that I recall.	Page 371
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	form. A. I wouldn't say it like that. Q. We will look – we will look at the documents in a few minutes. Are you aware of any facts that support the justification or repudiation defense in Paragraph 94 other than what you have testified to so far? A. I think it is largely the prepayment aspect of it that is captured there. Q. Okay. And – and – all right. I will leave it at that. Let's go to Paragraph 95. Do you see the affirmative defense in 95 is that, quote, plaintiff's claims are barred in whole or in part by the doctrine of estoppel. Do you see that? A. Yes. Q. Do you have any facts as the 30(b)(6) witness of HCMS that concern that particular affirmative defense? A. You know, I think for both 95 and	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	to the extent that there was a screw-up, on the term loans. Q. What screw-up are you referring to? A. Well, we didn't have accountants or employees at Services, you know, and Services was relying on Highland and shared services to stay in compliance or to – on the various loans. Q. Did you ever personally instruct anybody in December of 2020 to make a payment on behalf of HCMS under the term note? A. To make – I'm sorry, is this – what was the timeframe again? Q. December 2020 – let's just say anytime in 2020. Did you, in your capacity as the person in control of HCMS, ever direct or authorize any person in the world to make a payment from HCMS to Highland in satisfaction of the obligation that was due under the term note at the end of the year? A. Not that – not that I recall. Q. Okay. Do you know whether anybody	Page 371
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	pondero - 10/29/21 form. A. I wouldn't say it like that. Q. We will look – we will look at the documents in a few minutes. Are you aware of any facts that support the justification or repudiation defense in Paragraph 94 other than what you have testified to so far? A. I think it is largely the prepayment aspect of it that is captured there. Q. Okay. And – and – all right. I will leave it at that. Let's go to Paragraph 95. Do you see the affirmative defense in 95 is that, quote, plaintiff's claims are barred in whole or in part by the doctrine of estoppel. Do you see that? A. Yes. Q. Do you have any facts as the 30(b)(6) witness of HCMS that concern that particular affirmative defense? A. You know, I think for both 95 and 96, the way I understand it is that was	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	to the extent that there was a screw-up, on the term loans. Q. What screw-up are you referring to? A. Well, we didn't have accountants or employees at Services, you know, and Services was relying on Highland and shared services to stay in compliance or to – on the various loans. Q. Did you ever personally instruct anybody in December of 2020 to make a payment on behalf of HCMS under the term note? A. To make – I'm sorry, is this – what was the timeframe again? Q. December 2020 – let's just say anytime in 2020. Did you, in your capacity as the person in control of HCMS, ever direct or authorize any person in the world to make a payment from HCMS to Highland in satisfaction of the obligation that was due under the term note at the end of the year? A. Not that – not that I recall.	Page 371

1	Page 372 DONDERO - 10/29/21	1	DONDERO - 10/29/21	Page 373
2	account of HCMS's term note to Highland?	2	Q. Okay. And you were aware that the	
3	A. Well, again, and maybe I didn't say	3	payment was due at the end of the year; isn't	
4	it clearly enough. I think there was a	4	that right?	
5	reliance in the due course aspect, especially	5	MS. DEITSCH-PEREZ: Object to the	
6	on small amounts, and it would have been done	6	form.	
7	by Highland personnel on behalf of Services.	7	A. Not – not specifically. There	
8	MR. MORRIS: Okay. Move to strike.	8	is – to be bona fide notes, there is – I know	
9	Q. And I'm going to ask you,	9	there is – there is tax structuring and things	
10	Mr. Dondero, to be patient with me and to	10	that the auditors want to see in terms of – of	
11	listen carefully to my question.	11	regular payment that everything just doesn't	
12	Are you aware of anybody acting on	12	accrue indefinitely, but what those roles are	
13	behalf of HCMS, whoever instructed Highland to	13	and when and if it needs to be paid and whether	
14	make a payment in satisfaction of any payment	14	it was by the end of the year or not.	
15		15	I'm generally not specifically	
16	term note?	16	knowledgeable of or involved in, and nor do I	
17	A. Not specifically, but I'm saying I	17	have an awareness that was it or could it have	
18	· · · · · · · · · · · · · · · · · · ·	18	been satisfied by other payments throughout the	
19	Q. Okay. So you are not aware of any	19	year. I'm not – I'm not the person for that	
20	instruction that was ever given to Highland by	20	knowledge.	
21	HCMS to make the payment; is that fair? You	21	Q. Now, do you recall in December of	
22	relied on the course of dealing?	22	2020 there was some tension between you and	
23	A. Right. I relied on ordinary course.	23	Mr. Seery?	
24	I don't believe there was a specific – I'm not	24	A. Tension between me and Mr. Seery. I	
25	·	25	would say there was tension between Mr. Seery	
		20	would say there was tension between twit. Occiy	
1	Page 374 DONDERO - 10/29/21	1	DONDERO - 10/29/21	Page 375
'	and everybody. He was trying to steal the	2	A. Yes, roughly.	
3	estate, you know, so yes.	3	Q. And do you recall that at the end of	
4	MR. MORRIS: I move to strike.	4	November, Highland had given notice of	
5	Q. You were asked to resign from	_	termination of the shared services agreements	
6	Highland in late September of 2020; correct?	6	with the advisors?	
7	A. Yes.	7	A. I believe they did that multiple	
8	Q. And you did resign as of October	_	times or extended it multiple times. I can't	
Ι.	9th, 2020; correct?	8	remember if that was – if it was done then or	
9 10	A. Yes.	-	not.	
1		10		
11 12	Q. And do you recall that in early December, Highland sought a temporary	11 12	Q. Okay. And it is your testimony that notwithstanding those facts and circumstances,	
1			_	
13	restraining order against you?	13	you relied on Highland to make the payment that	
14	A. Yes.	14	HCMS owed at the end of the year?	
15	Q. And do you recall that Highland	15	A. Yes, absolutely. We were still	
16	, , , ,	16	deluded in terms of thinking that Seery was	
17	you in early December?	17	working to resolve the estate, not to steal the	
18	A. Yes.	18	estate.	
19	Q. Okay. Do you recall that the	19	MR. MORRIS: I move to strike.	
20	advisors that you controlled filed a motion	20	Q. Do you have any other facts and	
21	against the debtor in mid December 2020?	21	circumstances that relate to the affirmative	
22	A. Yes.	22	defenses in Paragraphs 95 and 96?	
23	Q. Okay. And do you recall that that	23	A. I mean, not at the moment, not that I want to volunteer. When you ask more	
24				
24 25	motion was curved by the Court in the middle of December?	24	questions about the specifics, I guess we will	

D 070		
Page 376	1 DONDERO - 10/29/21	Page 377
2 get to some of it.	2 the counterparties. So the annual obligations	
3 Q. Well, I'm asking you questions now.	3 are even more de minimis or a million bucks or	
4 You are the 30(b)(6) witness. This is one of	4 less than a million bucks.	
5 the topics that you were supposed to be	5 There was never an intent, nor would	
6 prepared to answer questions about, and I would	6 there be a logical intent to – from my	
7 just like to know everything that you have in	7 perspective or any of the entities that had	
8 your head as to facts that relate to these two	8 notice to Highland to be in default. And it is	
9 affirmative defenses.	9 not logical that they would do that for any	
10 MS. DEITSCH-PEREZ: Object to the	10 purpose.	
11 form.	11 And the facts around the curing	
12 Q. Because if I don't ask the right	12 quickly of the notes and getting the curing	
13 question later, you know, we can't do that;	13 amounts from Highland and making the payments	
14 right?	14 and Highland accepting them as they're defining	
So do you have any other facts that	15 what it took to cure it, I think, are all, you	
16 you are aware of that relate to these two	16 know, the key facts that make any, you know,	
17 particular affirmative defenses?	17 acceleration argument, you know, ridiculous.	
18 MS. DEITSCH-PEREZ: John, the fact	18 Q. Okay. Anything else?	
19 that it's a 30(b)(6) deposition doesn't	19 A. That's it at this point.	
20 absolve you of the necessity to ask	20 MR. MORRIS: Okay. Let's go to	
21 questions.	21 Exhibit 17, please.	
22 MR. MORRIS: I asked the question.	22 (Exhibit 17 marked.)	
23 Q. Can I please have an answer?	23 Q. This is HCRE's answer. Do you see	
24 A. Again, the notes in general are de	24 that, sir?	
25 minimis relative to asset values of Highland or	25 A. Yes.	
25 Thirlim is relative to asset values of Flightand of	20 A. 103.	
Page 378	1 DONDERO - 10/29/21	Page 379
1 DONDERO - 10/29/21	1 DONDERO - 10/29/21	Page 379
1 DONDERO - 10/29/21 2 Q. And I'm going to ask these questions	2 the time –	Page 379
1 DONDERO - 10/29/21 2 Q. And I'm going to ask these questions 3 in your capacity as the 30(b)(6) representative	2 the time – 3 Q. Okay.	Page 379
1 DONDERO - 10/29/21 2 Q. And I'm going to ask these questions 3 in your capacity as the 30(b)(6) representative 4 of HCRE. Do you understand that?	 2 the time – 3 Q. Okay. 4 A. – we put this together. 	Page 379
1 DONDERO - 10/29/21 2 Q. And I'm going to ask these questions 3 in your capacity as the 30(b)(6) representative 4 of HCRE. Do you understand that? 5 A. Yes.	 2 the time – 3 Q. Okay. 4 A. – we put this together. 5 Q. Is there any other aspect of this 	Page 379
1 DONDERO - 10/29/21 2 Q. And I'm going to ask these questions 3 in your capacity as the 30(b)(6) representative 4 of HCRE. Do you understand that? 5 A. Yes. 6 Q. Have you seen this document before?	 2 the time – 3 Q. Okay. 4 A. – we put this together. 5 Q. Is there any other aspect of this 6 document that you believe is inaccurate today? 	Page 379
DONDERO - 10/29/21 Q. And I'm going to ask these questions in your capacity as the 30(b)(6) representative for HCRE. Do you understand that? A. Yes. Q. Have you seen this document before? A. Yes.	 2 the time – 3 Q. Okay. 4 A. – we put this together. 5 Q. Is there any other aspect of this 6 document that you believe is inaccurate today? 7 A. Not as far as I know. 	Page 379
1 DONDERO - 10/29/21 2 Q. And I'm going to ask these questions 3 in your capacity as the 30(b)(6) representative 4 of HCRE. Do you understand that? 5 A. Yes. 6 Q. Have you seen this document before? 7 A. Yes. 8 Q. Are you aware of anything in this	 2 the time – 3 Q. Okay. 4 A. – we put this together. 5 Q. Is there any other aspect of this 6 document that you believe is inaccurate today? 7 A. Not as far as I know. 8 Q. Is there anything in this document 	Page 379
DONDERO - 10/29/21 Q. And I'm going to ask these questions in your capacity as the 30(b)(6) representative of HCRE. Do you understand that? A. Yes. Q. Have you seen this document before? A. Yes. Q. Are you aware of anything in this odocument that is inaccurate today?	 2 the time – 3 Q. Okay. 4 A. – we put this together. 5 Q. Is there any other aspect of this 6 document that you believe is inaccurate today? 7 A. Not as far as I know. 8 Q. Is there anything in this document 9 that you believe should be modified or amended 	Page 379
DONDERO - 10/29/21 Q. And I'm going to ask these questions in your capacity as the 30(b)(6) representative for HCRE. Do you understand that? A. Yes. Q. Have you seen this document before? A. Yes. Q. Are you aware of anything in this document that is inaccurate today? A. I mean, I think 96 we put in there	 2 the time – 3 Q. Okay. 4 A. – we put this together. 5 Q. Is there any other aspect of this 6 document that you believe is inaccurate today? 7 A. Not as far as I know. 8 Q. Is there anything in this document 9 that you believe should be modified or amended 10 to make it more accurate or more complete? 	Page 379
DONDERO - 10/29/21 Q. And I'm going to ask these questions in your capacity as the 30(b)(6) representative of HCRE. Do you understand that? A. Yes. Q. Have you seen this document before? A. Yes. Q. Are you aware of anything in this document that is inaccurate today? A. I mean, I think 96 we put in there similar to the other affirmative defenses in	 2 the time – 3 Q. Okay. 4 A. – we put this together. 5 Q. Is there any other aspect of this 6 document that you believe is inaccurate today? 7 A. Not as far as I know. 8 Q. Is there anything in this document 9 that you believe should be modified or amended 10 to make it more accurate or more complete? 11 MS. DEITSCH-PEREZ: Object to the 	Page 379
DONDERO - 10/29/21 Q. And I'm going to ask these questions in your capacity as the 30(b)(6) representative of HCRE. Do you understand that? A. Yes. Q. Have you seen this document before? A. Yes. Q. Are you aware of anything in this document that is inaccurate today? A. I mean, I think 96 we put in there similar to the other affirmative defenses in case there was a prepayment. But, again, we	 2 the time – 3 Q. Okay. 4 A. – we put this together. 5 Q. Is there any other aspect of this 6 document that you believe is inaccurate today? 7 A. Not as far as I know. 8 Q. Is there anything in this document 9 that you believe should be modified or amended 10 to make it more accurate or more complete? 11 MS. DEITSCH-PEREZ: Object to the 12 form. 	Page 379
DONDERO - 10/29/21 Q. And I'm going to ask these questions in your capacity as the 30(b)(6) representative for HCRE. Do you understand that? A. Yes. Q. Have you seen this document before? A. Yes. Q. Are you aware of anything in this document that is inaccurate today? A. I mean, I think 96 we put in there similar to the other affirmative defenses in case there was a prepayment. But, again, we have been so blocked from getting information	 2 the time – 3 Q. Okay. 4 A. – we put this together. 5 Q. Is there any other aspect of this 6 document that you believe is inaccurate today? 7 A. Not as far as I know. 8 Q. Is there anything in this document 9 that you believe should be modified or amended 10 to make it more accurate or more complete? 11 MS. DEITSCH-PEREZ: Object to the 12 form. 13 A. Not yet. 	Page 379
DONDERO - 10/29/21 Q. And I'm going to ask these questions in your capacity as the 30(b)(6) representative for HCRE. Do you understand that? A. Yes. Q. Have you seen this document before? A. Yes. Q. Are you aware of anything in this document that is inaccurate today? A. I mean, I think 96 we put in there similar to the other affirmative defenses in case there was a prepayment. But, again, we have been so blocked from getting information and detail we didn't know it at the time	 2 the time – 3 Q. Okay. 4 A. – we put this together. 5 Q. Is there any other aspect of this 6 document that you believe is inaccurate today? 7 A. Not as far as I know. 8 Q. Is there anything in this document 9 that you believe should be modified or amended 10 to make it more accurate or more complete? 11 MS. DEITSCH-PEREZ: Object to the 12 form. 13 A. Not yet. 14 Q. Okay. Looking at Paragraph 96, I 	Page 379
DONDERO - 10/29/21 Q. And I'm going to ask these questions in your capacity as the 30(b)(6) representative of HCRE. Do you understand that? A. Yes. Q. Have you seen this document before? A. Yes. Q. Are you aware of anything in this odocument that is inaccurate today? A. I mean, I think 96 we put in there similar to the other affirmative defenses in case there was a prepayment. But, again, we have been so blocked from getting information and detail we didn't know it at the time regarding, you know, prepayments.	 2 the time – 3 Q. Okay. 4 A. – we put this together. 5 Q. Is there any other aspect of this 6 document that you believe is inaccurate today? 7 A. Not as far as I know. 8 Q. Is there anything in this document 9 that you believe should be modified or amended 10 to make it more accurate or more complete? 11 MS. DEITSCH-PEREZ: Object to the 12 form. 13 A. Not yet. 14 Q. Okay. Looking at Paragraph 96, I 15 believe you just testified that, 	Page 379
DONDERO - 10/29/21 Q. And I'm going to ask these questions in your capacity as the 30(b)(6) representative of HCRE. Do you understand that? A. Yes. Q. Have you seen this document before? A. Yes. Q. Are you aware of anything in this document that is inaccurate today? A. I mean, I think 96 we put in there similar to the other affirmative defenses in case there was a prepayment. But, again, we have been so blocked from getting information and detail we didn't know it at the time regarding, you know, prepayments. So I don't think the prepayment	 2 the time – 3 Q. Okay. 4 A. – we put this together. 5 Q. Is there any other aspect of this 6 document that you believe is inaccurate today? 7 A. Not as far as I know. 8 Q. Is there anything in this document 9 that you believe should be modified or amended 10 to make it more accurate or more complete? 11 MS. DEITSCH-PEREZ: Object to the 12 form. 13 A. Not yet. 14 Q. Okay. Looking at Paragraph 96, I 15 believe you just testified that, 16 notwithstanding the assertion of the defense 	Page 379
DONDERO - 10/29/21 Q. And I'm going to ask these questions in your capacity as the 30(b)(6) representative for HCRE. Do you understand that? A. Yes. Q. Have you seen this document before? A. Yes. Q. Are you aware of anything in this document that is inaccurate today? A. I mean, I think 96 we put in there similar to the other affirmative defenses in case there was a prepayment. But, again, we have been so blocked from getting information and detail we didn't know it at the time regarding, you know, prepayments. So I don't think the prepayment defense works for 96. So that would be my	 2 the time – 3 Q. Okay. 4 A. – we put this together. 5 Q. Is there any other aspect of this 6 document that you believe is inaccurate today? 7 A. Not as far as I know. 8 Q. Is there anything in this document 9 that you believe should be modified or amended 10 to make it more accurate or more complete? 11 MS. DEITSCH-PEREZ: Object to the 12 form. 13 A. Not yet. 14 Q. Okay. Looking at Paragraph 96, I 15 believe you just testified that, 16 notwithstanding the assertion of the defense 17 therein, you are not aware of any facts 	Page 379
DONDERO - 10/29/21 Q. And I'm going to ask these questions in your capacity as the 30(b)(6) representative of HCRE. Do you understand that? A. Yes. Q. Have you seen this document before? A. Yes. Q. Are you aware of anything in this odocument that is inaccurate today? A. I mean, I think 96 we put in there similar to the other affirmative defenses in case there was a prepayment. But, again, we have been so blocked from getting information and detail we didn't know it at the time regarding, you know, prepayments. So I don't think the prepayment defense works for 96. So that would be my lacetimes as the sequence of anything in this publication of an inaccuracy.	2 the time — 3 Q. Okay. 4 A. — we put this together. 5 Q. Is there any other aspect of this 6 document that you believe is inaccurate today? 7 A. Not as far as I know. 8 Q. Is there anything in this document 9 that you believe should be modified or amended 10 to make it more accurate or more complete? 11 MS. DEITSCH-PEREZ: Object to the 12 form. 13 A. Not yet. 14 Q. Okay. Looking at Paragraph 96, I 15 believe you just testified that, 16 notwithstanding the assertion of the defense 17 therein, you are not aware of any facts 18 concerning the prepayment defense that you	Page 379
DONDERO - 10/29/21 Q. And I'm going to ask these questions in your capacity as the 30(b)(6) representative of HCRE. Do you understand that? A. Yes. Q. Have you seen this document before? A. Yes. Q. Are you aware of anything in this document that is inaccurate today? A. I mean, I think 96 we put in there similar to the other affirmative defenses in case there was a prepayment. But, again, we have been so blocked from getting information and detail we didn't know it at the time regarding, you know, prepayments. So I don't think the prepayment defense works for 96. So that would be my lacinfication of an inaccuracy.	2 the time — 3 Q. Okay. 4 A. — we put this together. 5 Q. Is there any other aspect of this 6 document that you believe is inaccurate today? 7 A. Not as far as I know. 8 Q. Is there anything in this document 9 that you believe should be modified or amended 10 to make it more accurate or more complete? 11 MS. DEITSCH-PEREZ: Object to the 12 form. 13 A. Not yet. 14 Q. Okay. Looking at Paragraph 96, I 15 believe you just testified that, 16 notwithstanding the assertion of the defense 17 therein, you are not aware of any facts 18 concerning the prepayment defense that you 19 described earlier for HCMS.	Page 379
DONDERO - 10/29/21 Q. And I'm going to ask these questions in your capacity as the 30(b)(6) representative of HCRE. Do you understand that? A. Yes. Q. Have you seen this document before? A. Yes. Q. Are you aware of anything in this document that is inaccurate today? A. I mean, I think 96 we put in there similar to the other affirmative defenses in case there was a prepayment. But, again, we have been so blocked from getting information and detail we didn't know it at the time regarding, you know, prepayments. So I don't think the prepayment defense works for 96. So that would be my lactification of an inaccuracy. Q. Why do you believe that the prepayment defense doesn't work in Paragraph 96	2 the time — 3 Q. Okay. 4 A. — we put this together. 5 Q. Is there any other aspect of this 6 document that you believe is inaccurate today? 7 A. Not as far as I know. 8 Q. Is there anything in this document 9 that you believe should be modified or amended 10 to make it more accurate or more complete? 11 MS. DEITSCH-PEREZ: Object to the 12 form. 13 A. Not yet. 14 Q. Okay. Looking at Paragraph 96, I 15 believe you just testified that, 16 notwithstanding the assertion of the defense 17 therein, you are not aware of any facts 18 concerning the prepayment defense that you 19 described earlier for HCMS. 20 Do I have that right?	Page 379
DONDERO - 10/29/21 Q. And I'm going to ask these questions in your capacity as the 30(b)(6) representative for HCRE. Do you understand that? A. Yes. Q. Have you seen this document before? A. Yes. Q. Are you aware of anything in this document that is inaccurate today? A. I mean, I think 96 we put in there similar to the other affirmative defenses in case there was a prepayment. But, again, we have been so blocked from getting information and detail we didn't know it at the time regarding, you know, prepayments. So I don't think the prepayment defense works for 96. So that would be my defense works for 96. So that would be my Richard State of HCRE?	2 the time — 3 Q. Okay. 4 A. — we put this together. 5 Q. Is there any other aspect of this 6 document that you believe is inaccurate today? 7 A. Not as far as I know. 8 Q. Is there anything in this document 9 that you believe should be modified or amended 10 to make it more accurate or more complete? 11 MS. DEITSCH-PEREZ: Object to the 12 form. 13 A. Not yet. 14 Q. Okay. Looking at Paragraph 96, I 15 believe you just testified that, 16 notwithstanding the assertion of the defense 17 therein, you are not aware of any facts 18 concerning the prepayment defense that you 19 described earlier for HCMS. 20 Do I have that right? 21 A. Yes.	Page 379
DONDERO - 10/29/21 Q. And I'm going to ask these questions in your capacity as the 30(b)(6) representative fHCRE. Do you understand that? A. Yes. Q. Have you seen this document before? A. Yes. Q. Are you aware of anything in this document that is inaccurate today? A. I mean, I think 96 we put in there similar to the other affirmative defenses in case there was a prepayment. But, again, we have been so blocked from getting information and detail we didn't know it at the time regarding, you know, prepayments. So I don't think the prepayment feense works for 96. So that would be my clarification of an inaccuracy. Q. Why do you believe that the prepayment defense doesn't work in Paragraph 96 for HCRE? A. Because I don't think there were any	2 the time — 3 Q. Okay. 4 A. — we put this together. 5 Q. Is there any other aspect of this 6 document that you believe is inaccurate today? 7 A. Not as far as I know. 8 Q. Is there anything in this document 9 that you believe should be modified or amended 10 to make it more accurate or more complete? 11 MS. DEITSCH-PEREZ: Object to the 12 form. 13 A. Not yet. 14 Q. Okay. Looking at Paragraph 96, I 15 believe you just testified that, 16 notwithstanding the assertion of the defense 17 therein, you are not aware of any facts 18 concerning the prepayment defense that you 19 described earlier for HCMS. 20 Do I have that right? 21 A. Yes. 22 Q. Okay. Do you have any facts at all	Page 379
DONDERO - 10/29/21 Q. And I'm going to ask these questions in your capacity as the 30(b)(6) representative of HCRE. Do you understand that? A. Yes. Q. Have you seen this document before? A. Yes. Q. Are you aware of anything in this document that is inaccurate today? A. I mean, I think 96 we put in there similar to the other affirmative defenses in case there was a prepayment. But, again, we have been so blocked from getting information and detail we didn't know it at the time regarding, you know, prepayments. So I don't think the prepayment defense works for 96. So that would be my clarification of an inaccuracy. Q. Why do you believe that the prepayment defense doesn't work in Paragraph 96 for HCRE? A. Because I don't think there were any prepayments.	2 the time — 3 Q. Okay. 4 A. — we put this together. 5 Q. Is there any other aspect of this 6 document that you believe is inaccurate today? 7 A. Not as far as I know. 8 Q. Is there anything in this document 9 that you believe should be modified or amended 10 to make it more accurate or more complete? 11 MS. DEITSCH-PEREZ: Object to the 12 form. 13 A. Not yet. 14 Q. Okay. Looking at Paragraph 96, I 15 believe you just testified that, 16 notwithstanding the assertion of the defense 17 therein, you are not aware of any facts 18 concerning the prepayment defense that you 19 described earlier for HCMS. 20 Do I have that right? 21 A. Yes. 22 Q. Okay. Do you have any facts at all 23 that relate to the affirmative defense in	Page 379
DONDERO - 10/29/21 Q. And I'm going to ask these questions in your capacity as the 30(b)(6) representative fHCRE. Do you understand that? A. Yes. Q. Have you seen this document before? A. Yes. Q. Are you aware of anything in this document that is inaccurate today? A. I mean, I think 96 we put in there similar to the other affirmative defenses in case there was a prepayment. But, again, we have been so blocked from getting information and detail we didn't know it at the time regarding, you know, prepayments. So I don't think the prepayment feense works for 96. So that would be my clarification of an inaccuracy. Q. Why do you believe that the prepayment defense doesn't work in Paragraph 96 for HCRE? A. Because I don't think there were any	2 the time — 3 Q. Okay. 4 A. — we put this together. 5 Q. Is there any other aspect of this 6 document that you believe is inaccurate today? 7 A. Not as far as I know. 8 Q. Is there anything in this document 9 that you believe should be modified or amended 10 to make it more accurate or more complete? 11 MS. DEITSCH-PEREZ: Object to the 12 form. 13 A. Not yet. 14 Q. Okay. Looking at Paragraph 96, I 15 believe you just testified that, 16 notwithstanding the assertion of the defense 17 therein, you are not aware of any facts 18 concerning the prepayment defense that you 19 described earlier for HCMS. 20 Do I have that right? 21 A. Yes. 22 Q. Okay. Do you have any facts at all	Page 379

	D 200			D 204
1	Page 380 DONDERO - 10/29/21	1	DONDERO - 10/29/21	Page 381
2	Q. Okay. How about Paragraphs 97 and	2	the screen on if you want so that we can	
3	98? Do you have any facts that relate to those	3	get back fast.	
4	affirmative defenses?	4	MR. MORRIS: My pleasure, Deborah.	
5	A. It would be the same answer as on	5	No problem.	
6	the last one.	6	MS. DEITSCH-PEREZ: Thank you.	
7	Q. Okay. I appreciate that. And so –	7	VIDEOGRAPHER: Off the record,	
8	but we don't have to go over it again. I will	8	12:40.	
9	just leave it at that.	9	(Recess taken 12:40 p.m. to 12:51 p.m.)	
10	Let's go to Exhibit 15, please.	10	Q. Before we go on to this document,	
11	(Exhibit 15 marked.)	11	sir, did HCRE have a shared services agreement	
12	MR. MORRIS: This is the next –	12	with Highland?	
13	MS. DEITSCH-PEREZ: Hey, John.	13	VIDEOGRAPHER: We're back on the	
1	•	14	record.	
14	John, can we take a – like a very quick			
15	restroom break?	15	MR. MORRIS: Oh, do I need to read	
16	MR. MORRIS: You know, if we could	16	the question again?	
17	just get through this document, which	17	COURT REPORTER: No, I've got it.	
18	shouldn't take long, then perhaps we can	18	A. I – I don't believe it is a formal	
19	take a short half-hour lunch break.	19	written one. I think it is just a verbal one.	
20	MS. DEITSCH-PEREZ: Well, we can	20	Q. And who is the verbal agreement	
21	take a short half-hour lunch break after we	21	between?	
22	get through this, but I just need to run to	22	A. It was between Highland and HCRE.	
23	the restroom.	23	Now it is between NexPoint and HCRE.	
24	MR. MORRIS: Okay.	24	 Q. And who entered into the agreement 	
25	MS. DEITSCH-PEREZ: So you can leave	25	between Highland and HCRE?	
1				
	Page 382			Page 383
1	DONDERO - 10/29/21	1	DONDERO - 10/29/21	Page 383
1 2	DONDERO - 10/29/21 A. I would give the same answer I gave	1 2	Q. Did the legal department also	Page 383
1	DONDERO - 10/29/21			Page 383
2	DONDERO - 10/29/21 A. I would give the same answer I gave	2	Q. Did the legal department also	Page 383
2 3	DONDERO - 10/29/21 A. I would give the same answer I gave before where it was just — it was just	2 3	Q. Did the legal department also provide services to HCRE?	Page 383
2 3	DONDERO - 10/29/21 A. I would give the same answer I gave before where it was just – it was just understood that we supported all the related	2 3	Q. Did the legal department alsoprovide services to HCRE?A. It would depend on the specific	Page 383
2 3 4 5	DONDERO - 10/29/21 A. I would give the same answer I gave before where it was just — it was just understood that we supported all the related entities or entrepreneurial efforts and it was,	2 3 4 5	 Q. Did the legal department also provide services to HCRE? A. It would depend on the specific entity. In the case of HCRE I think they used 	Page 383
2 3 4 5 6 7	DONDERO - 10/29/21 A. I would give the same answer I gave before where it was just — it was just understood that we supported all the related entities or entrepreneurial efforts and it was, you know, modest amounts of work.	2 3 4 5 6	Q. Did the legal department also provide services to HCRE? A. It would depend on the specific entity. In the case of HCRE I think they used the – the two lawyers that worked at NexPoint.	Page 383
2 3 4 5 6 7	DONDERO - 10/29/21 A. I would give the same answer I gave before where it was just — it was just understood that we supported all the related entities or entrepreneurial efforts and it was, you know, modest amounts of work. There wasn't specific financial	2 3 4 5 6 7	Q. Did the legal department also provide services to HCRE? A. It would depend on the specific entity. In the case of HCRE I think they used the – the two lawyers that worked at NexPoint. I don't think they used the legal	Page 383
2 3 4 5 6 7 8	DONDERO - 10/29/21 A. I would give the same answer I gave before where it was just — it was just understood that we supported all the related entities or entrepreneurial efforts and it was, you know, modest amounts of work. There wasn't specific financial remuneration, but — and NexPoint is a good	2 3 4 5 6 7 8	Q. Did the legal department also provide services to HCRE? A. It would depend on the specific entity. In the case of HCRE I think they used the – the two lawyers that worked at NexPoint. I don't think they used the legal staff per se. I think they – the shared	Page 383
2 3 4 5 6 7 8 9	DONDERO - 10/29/21 A. I would give the same answer I gave before where it was just — it was just understood that we supported all the related entities or entrepreneurial efforts and it was, you know, modest amounts of work. There wasn't specific financial remuneration, but — and NexPoint is a good example, too. There was a significant track	2 3 4 5 6 7 8 9	Q. Did the legal department also provide services to HCRE? A. It would depend on the specific entity. In the case of HCRE I think they used the – the two lawyers that worked at NexPoint. I don't think they used the legal staff per se. I think they – the shared services that they relied on were accounting	Page 383
2 3 4 5 6 7 8 9	DONDERO - 10/29/21 A. I would give the same answer I gave before where it was just — it was just understood that we supported all the related entities or entrepreneurial efforts and it was, you know, modest amounts of work. There wasn't specific financial remuneration, but — and NexPoint is a good example, too. There was a significant track record gulf that was able to be used to raise	2 3 4 5 6 7 8 9	Q. Did the legal department also provide services to HCRE? A. It would depend on the specific entity. In the case of HCRE I think they used the – the two lawyers that worked at NexPoint. I don't think they used the legal staff per se. I think they – the shared services that they relied on were accounting and tax primarily.	Page 383
2 3 4 5 6 7 8 9 10 11	DONDERO - 10/29/21 A. I would give the same answer I gave before where it was just — it was just understood that we supported all the related entities or entrepreneurial efforts and it was, you know, modest amounts of work. There wasn't specific financial remuneration, but — and NexPoint is a good example, too. There was a significant track record gulf that was able to be used to raise other money.	2 3 4 5 6 7 8 9 10	Q. Did the legal department also provide services to HCRE? A. It would depend on the specific entity. In the case of HCRE I think they used the – the two lawyers that worked at NexPoint. I don't think they used the legal staff per se. I think they – the shared services that they relied on were accounting and tax primarily. Q. Did Mark Patrick do work for HCRE	Page 383
2 3 4 5 6 7 8 9 10 11 12	DONDERO - 10/29/21 A. I would give the same answer I gave before where it was just — it was just understood that we supported all the related entities or entrepreneurial efforts and it was, you know, modest amounts of work. There wasn't specific financial remuneration, but — and NexPoint is a good example, too. There was a significant track record gulf that was able to be used to raise other money. Q. I'm just asking you who entered into	2 3 4 5 6 7 8 9 10 11 12	Q. Did the legal department also provide services to HCRE? A. It would depend on the specific entity. In the case of HCRE I think they used the – the two lawyers that worked at NexPoint. I don't think they used the legal staff per se. I think they – the shared services that they relied on were accounting and tax primarily. Q. Did Mark Patrick do work for HCRE while he was employed by Highland?	Page 383
2 3 4 5 6 7 8 9 10 11 12 13	DONDERO - 10/29/21 A. I would give the same answer I gave before where it was just — it was just understood that we supported all the related entities or entrepreneurial efforts and it was, you know, modest amounts of work. There wasn't specific financial remuneration, but — and NexPoint is a good example, too. There was a significant track record gulf that was able to be used to raise other money. Q. I'm just asking you who entered into the agreement between Highland and — and HCRE	2 3 4 5 6 7 8 9 10 11 12 13	Q. Did the legal department also provide services to HCRE? A. It would depend on the specific entity. In the case of HCRE I think they used the – the two lawyers that worked at NexPoint. I don't think they used the legal staff per se. I think they – the shared services that they relied on were accounting and tax primarily. Q. Did Mark Patrick do work for HCRE while he was employed by Highland? A. Boy, I don't know. I imagine	Page 383
2 3 4 5 6 7 8 9 10 11 12 13 14	DONDERO - 10/29/21 A. I would give the same answer I gave before where it was just – it was just understood that we supported all the related entities or entrepreneurial efforts and it was, you know, modest amounts of work. There wasn't specific financial remuneration, but – and NexPoint is a good example, too. There was a significant track record gulf that was able to be used to raise other money. Q. I'm just asking you who entered into the agreement between Highland and – and HCRE for the provision of services by Highland?	2 3 4 5 6 7 8 9 10 11 12 13 14	Q. Did the legal department also provide services to HCRE? A. It would depend on the specific entity. In the case of HCRE I think they used the – the two lawyers that worked at NexPoint. I don't think they used the legal staff per se. I think they – the shared services that they relied on were accounting and tax primarily. Q. Did Mark Patrick do work for HCRE while he was employed by Highland? A. Boy, I don't know. I imagine probably tax-related stuff.	Page 383
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	DONDERO - 10/29/21 A. I would give the same answer I gave before where it was just — it was just understood that we supported all the related entities or entrepreneurial efforts and it was, you know, modest amounts of work. There wasn't specific financial remuneration, but — and NexPoint is a good example, too. There was a significant track record gulf that was able to be used to raise other money. Q. I'm just asking you who entered into the agreement between Highland and — and HCRE for the provision of services by Highland? MS. DEITSCH-PEREZ: Asked and answered.	2 3 4 5 6 7 8 9 10 11 12 13 14 15	Q. Did the legal department also provide services to HCRE? A. It would depend on the specific entity. In the case of HCRE I think they used the – the two lawyers that worked at NexPoint. I don't think they used the legal staff per se. I think they – the shared services that they relied on were accounting and tax primarily. Q. Did Mark Patrick do work for HCRE while he was employed by Highland? A. Boy, I don't know. I imagine probably tax-related stuff. Q. Did HCRE ever pay Highland anything for the services that it received?	Page 383
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	DONDERO - 10/29/21 A. I would give the same answer I gave before where it was just — it was just understood that we supported all the related entities or entrepreneurial efforts and it was, you know, modest amounts of work. There wasn't specific financial remuneration, but — and NexPoint is a good example, too. There was a significant track record gulf that was able to be used to raise other money. Q. I'm just asking you who entered into the agreement between Highland and — and HCRE for the provision of services by Highland? MS. DEITSCH-PEREZ: Asked and answered. A. Yeah, again, same answer as before.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Q. Did the legal department also provide services to HCRE? A. It would depend on the specific entity. In the case of HCRE I think they used the — the two lawyers that worked at NexPoint. I don't think they used the legal staff per se. I think they – the shared services that they relied on were accounting and tax primarily. Q. Did Mark Patrick do work for HCRE while he was employed by Highland? A. Boy, I don't know. I imagine probably tax-related stuff. Q. Did HCRE ever pay Highland anything for the services that it received? MS. DEITSCH-PEREZ: Are you talking	Page 383
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	DONDERO - 10/29/21 A. I would give the same answer I gave before where it was just — it was just understood that we supported all the related entities or entrepreneurial efforts and it was, you know, modest amounts of work. There wasn't specific financial remuneration, but — and NexPoint is a good example, too. There was a significant track record gulf that was able to be used to raise other money. Q. I'm just asking you who entered into the agreement between Highland and — and HCRE for the provision of services by Highland? MS. DEITSCH-PEREZ: Asked and answered. A. Yeah, again, same answer as before. I don't think anybody specifically, formally	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. Did the legal department also provide services to HCRE? A. It would depend on the specific entity. In the case of HCRE I think they used the – the two lawyers that worked at NexPoint. I don't think they used the legal staff per se. I think they – the shared services that they relied on were accounting and tax primarily. Q. Did Mark Patrick do work for HCRE while he was employed by Highland? A. Boy, I don't know. I imagine probably tax-related stuff. Q. Did HCRE ever pay Highland anything for the services that it received? MS. DEITSCH-PEREZ: Are you talking about cash or –	Page 383
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	DONDERO - 10/29/21 A. I would give the same answer I gave before where it was just — it was just understood that we supported all the related entities or entrepreneurial efforts and it was, you know, modest amounts of work. There wasn't specific financial remuneration, but — and NexPoint is a good example, too. There was a significant track record gulf that was able to be used to raise other money. Q. I'm just asking you who entered into the agreement between Highland and — and HCRE for the provision of services by Highland? MS. DEITSCH-PEREZ: Asked and answered. A. Yeah, again, same answer as before. I don't think anybody specifically, formally did it.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	Q. Did the legal department also provide services to HCRE? A. It would depend on the specific entity. In the case of HCRE I think they used the – the two lawyers that worked at NexPoint. I don't think they used the legal staff per se. I think they – the shared services that they relied on were accounting and tax primarily. Q. Did Mark Patrick do work for HCRE while he was employed by Highland? A. Boy, I don't know. I imagine probably tax-related stuff. Q. Did HCRE ever pay Highland anything for the services that it received? MS. DEITSCH-PEREZ: Are you talking about cash or – MR. MORRIS: Please, please, please.	Page 383
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	DONDERO - 10/29/21 A. I would give the same answer I gave before where it was just — it was just understood that we supported all the related entities or entrepreneurial efforts and it was, you know, modest amounts of work. There wasn't specific financial remuneration, but — and NexPoint is a good example, too. There was a significant track record gulf that was able to be used to raise other money. Q. I'm just asking you who entered into the agreement between Highland and — and HCRE for the provision of services by Highland? MS. DEITSCH-PEREZ: Asked and answered. A. Yeah, again, same answer as before. I don't think anybody specifically, formally did it. Q. Okay. Is it — are the terms of the	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Q. Did the legal department also provide services to HCRE? A. It would depend on the specific entity. In the case of HCRE I think they used the – the two lawyers that worked at NexPoint. I don't think they used the legal staff per se. I think they – the shared services that they relied on were accounting and tax primarily. Q. Did Mark Patrick do work for HCRE while he was employed by Highland? A. Boy, I don't know. I imagine probably tax-related stuff. Q. Did HCRE ever pay Highland anything for the services that it received? MS. DEITSCH-PEREZ: Are you talking about cash or – MR. MORRIS: Please, please, please. — I'm trying to be really patient,	Page 383
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	DONDERO - 10/29/21 A. I would give the same answer I gave before where it was just — it was just understood that we supported all the related entities or entrepreneurial efforts and it was, you know, modest amounts of work. There wasn't specific financial remuneration, but — and NexPoint is a good example, too. There was a significant track record gulf that was able to be used to raise other money. Q. I'm just asking you who entered into the agreement between Highland and — and HCRE for the provision of services by Highland? MS. DEITSCH-PEREZ: Asked and answered. A. Yeah, again, same answer as before. I don't think anybody specifically, formally did it. Q. Okay. Is it — are the terms of the agreement written down anywhere?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. Did the legal department also provide services to HCRE? A. It would depend on the specific entity. In the case of HCRE I think they used the – the two lawyers that worked at NexPoint. I don't think they used the legal staff per se. I think they – the shared services that they relied on were accounting and tax primarily. Q. Did Mark Patrick do work for HCRE while he was employed by Highland? A. Boy, I don't know. I imagine probably tax-related stuff. Q. Did HCRE ever pay Highland anything for the services that it received? MS. DEITSCH-PEREZ: Are you talking about cash or – MR. MORRIS: Please, please, please. — I'm trying to be really patient, Deborah, but please no speaking objections.	Page 383
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	DONDERO - 10/29/21 A. I would give the same answer I gave before where it was just — it was just understood that we supported all the related entities or entrepreneurial efforts and it was, you know, modest amounts of work. There wasn't specific financial remuneration, but — and NexPoint is a good example, too. There was a significant track record gulf that was able to be used to raise other money. Q. I'm just asking you who entered into the agreement between Highland and — and HCRE for the provision of services by Highland? MS. DEITSCH-PEREZ: Asked and answered. A. Yeah, again, same answer as before. I don't think anybody specifically, formally did it. Q. Okay. Is it — are the terms of the agreement written down anywhere? A. No, like I said, it is just	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. Did the legal department also provide services to HCRE? A. It would depend on the specific entity. In the case of HCRE I think they used the – the two lawyers that worked at NexPoint. I don't think they used the legal staff per se. I think they – the shared services that they relied on were accounting and tax primarily. Q. Did Mark Patrick do work for HCRE while he was employed by Highland? A. Boy, I don't know. I imagine probably tax-related stuff. Q. Did HCRE ever pay Highland anything for the services that it received? MS. DEITSCH-PEREZ: Are you talking about cash or – MR. MORRIS: Please, please, please. — I'm trying to be really patient, Deborah, but please no speaking objections. Mr. Dondero is a very sophisticated man.	Page 383
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	DONDERO - 10/29/21 A. I would give the same answer I gave before where it was just — it was just understood that we supported all the related entities or entrepreneurial efforts and it was, you know, modest amounts of work. There wasn't specific financial remuneration, but — and NexPoint is a good example, too. There was a significant track record gulf that was able to be used to raise other money. Q. I'm just asking you who entered into the agreement between Highland and — and HCRE for the provision of services by Highland? MS. DEITSCH-PEREZ: Asked and answered. A. Yeah, again, same answer as before. I don't think anybody specifically, formally did it. Q. Okay. Is it — are the terms of the agreement written down anywhere? A. No, like I said, it is just understood the accounting department and tax	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. Did the legal department also provide services to HCRE? A. It would depend on the specific entity. In the case of HCRE I think they used the – the two lawyers that worked at NexPoint. I don't think they used the legal staff per se. I think they – the shared services that they relied on were accounting and tax primarily. Q. Did Mark Patrick do work for HCRE while he was employed by Highland? A. Boy, I don't know. I imagine probably tax-related stuff. Q. Did HCRE ever pay Highland anything for the services that it received? MS. DEITSCH-PEREZ: Are you talking about cash or – MR. MORRIS: Please, please, please. — I'm trying to be really patient, Deborah, but please no speaking objections. Mr. Dondero is a very sophisticated man. We have done this many times	Page 383
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	DONDERO - 10/29/21 A. I would give the same answer I gave before where it was just — it was just understood that we supported all the related entities or entrepreneurial efforts and it was, you know, modest amounts of work. There wasn't specific financial remuneration, but — and NexPoint is a good example, too. There was a significant track record gulf that was able to be used to raise other money. Q. I'm just asking you who entered into the agreement between Highland and — and HCRE for the provision of services by Highland? MS. DEITSCH-PEREZ: Asked and answered. A. Yeah, again, same answer as before. I don't think anybody specifically, formally did it. Q. Okay. Is it — are the terms of the agreement written down anywhere? A. No, like I said, it is just	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. Did the legal department also provide services to HCRE? A. It would depend on the specific entity. In the case of HCRE I think they used the – the two lawyers that worked at NexPoint. I don't think they used the legal staff per se. I think they – the shared services that they relied on were accounting and tax primarily. Q. Did Mark Patrick do work for HCRE while he was employed by Highland? A. Boy, I don't know. I imagine probably tax-related stuff. Q. Did HCRE ever pay Highland anything for the services that it received? MS. DEITSCH-PEREZ: Are you talking about cash or – MR. MORRIS: Please, please, please. — I'm trying to be really patient, Deborah, but please no speaking objections. Mr. Dondero is a very sophisticated man.	Page 383

DONDERO - 10/20/21 2 like to object, by all means. I don't have a problem with that. I don't 4 MS_DETSCH-PEREZ: But I asked – 5 (speaking mittaineously) 5 to the track record that the PoAF had not CO 6 (speaking mittaineously) 6 Q. Mr. Dondero – Mr. Dondero – 7 Mr. Dondero, ddt HCRE ever pay anything to 8 Highland for services rendered? 9 MS_DETSCH-PEREZ: Asked and 10 arrowerd 11 A. Yeah, that is what I was ging to 12 say. Same answer. You know, a – 13 formal cash remuneration, but, you know, a – 14 which wouldn't heve been much anyway. But – 15 but more in terms of treak record and presence 16 in the market that then lightand or NewPoint 17 could use to that the sightand or NewPoint 18 Q. Are you aswing blat – that all of 19 the entities were working kind of as a unified 20 unit and got spreiglistic benefits from the work 21 that it ddf? 22 MS_DETSCH-PEREZ: Object to the 23 form. 1 DONDERO - 10/20/21 2 A. My recollection on the services and 3 the HCRE is that the doller value of the 4 services provided was – was small and nominal. 4 A. I don't want to over generalize and 5 say yes to that, but – but there were 1 DONDERO - 10/20/21 2 A. My recollection on the services and 3 the HCRE is that the doller value of the 4 services provided was – was small and nominal. 5 With regard to the DAF. I was more 6 complicated. There is rules – there is 7 charging rules in terms of fees and then there 8 is also – I was the doller value of the 9 And three are other issues there other than 11 And so I don't — the short answer 12 is, I don't know the answer to that 13 and don't understand villy sometimes there is 14 one and sometimes there is and to each of the provided services to the DAF 14 more provided was – was small and nominal. 15 with the doller value of the provided that of the services provided was – was small and nominal. 16 Q. Did – dd – dd you decide on 17 charging rules in here of fees and then there 18 and don't understand villy sometimes there is 19 A. Well, United and the provided services to the DAF 19 A. Wel	_	D 004			D 005
3 a example, you know, we would have never got the MS. DEITSCH-PEREZ: But I asked – 5 (speaking simultaneously) 6 Q. Mr. Dondero – Mr. Dondero – 7 Mr. Dondero, dith PCRE very anything to 8 Holland for services modered? 8 MosPent (dith PCRE very anything to) 8 Holland for services modered? 9 MS. DEITSCH-PEREZ: Asked and 10 answered. 11 A Yeah, that is what I was going to 12 say. Same answer, You know, not — not a 13 formal cash remuneration, but, you know, a — 14 which wouldn't have been much anyway. But — 15 but more in terms of track record and presence 16 in the market that then Highland or NesPoint 17 ould use to further its busines. 18 Q. Are you saying that — that all of 19 the entities were working kind of as a unified 20 unif and get synergistic benefits from the work 21 that it did? 22 MS. DEITSCH-PEREZ: Object to the 23 form. 24 A. I don't want to over generalize and 25 say yes to that, but — but there were Page 387 1 DONDERO - 102921 2 A. My recollection on the services and 3 the CRE is that the doller value of the 5 occupied was — was small and nominal. 5 With regard to the DAF, it was more 6 complicated. There is thus— here is 7 charging rules in terms of fees and then there 8 is also — I wasn't the one that decided that, 9 And there are other sisses there of the than 10 just the value for services argument. 11 And a lodn't understand why sometimes there is in chee. Even to 12 MS. DEITSCH-PEREZ: Disject to the 13 Commission of the services and then there 14 So in the commission of the services and then there 15 in the commission of the services and then there 16 in the commission of the commission of the services and then there 17 own of the commission of the services and then there 18 is also — I wasn't the one that decided that, 19 And there are other sisses there other than 10 just the value for services argument. 11 And so I don't have been other than 12 in which was early and in the commission of the services and then there 19 in the commission of	1	Page 384 DONDERO - 10/29/21	1	DONDERO - 10/29/21	Page 385
3 a example, you know, we would have never got the 4 Harvard vest as an investor if it weart for 5 (speaking simultaneously) 6 Q. Mr. Dondero — Mr. Dondero — 7 Mr. Dondero, dith CRE ever pay anything to 8 Highland for services rendered? 8 Highland for services rendered? 9 MS. DEITSCH-PEREZ. Asked and 10 answered. 11 A. Yeah, that is what I was going to 18 says sens answer. You know, not — not a 19 services provided. 13 formal cash remuneration, but, you know, a — which wouldn't have been much anyway. But — 14 A. There wasn't specific remuneration. 14 A Veah, that is what I was going to 19 believe there was specific definable benefit 19 gained for the modest amount of cost of 19 services your ded. 13 formal cash remuneration, but, you know, a — 14 A. There wasn't specific remuneration. 14 A. Yeah, that is what I was going to 19 benefiting from the HCRE amount of cost of 19 services your ded. 15 but more in terms of track record and presence 15 Q. And you. On the least and 19 services of the first business of the services of the services of the first business of the services of the servi	2		2		
4 Hanard vest as an investor if it wasn't for 5 (speaking simultaneously). 5 the tack record that the DAF had in CLO 6 equity. 7 Mr. Dondero –	1		3		
6 Q. Mr. Dondero M	4	·	4		
6 Q. Mr. Dondero M	5	(speaking simultaneously.)	5	the track record that the DAF had in CLO	
7 M. Dondero, did HCRE ever pay anything to 8 Highland for services rendered? 9 MS. DEITSCH-PEREZ: Asked and 10 answered. 11 A. Yeah, that is what I was going to 12 say, Same arrawer. You know, not – not a 13 formal cash remuneration, but, you know, a – 14 which wouldn't have been much anywey. But – 15 but more in terms of track record and presence 16 in the market that then Highland or Naxybort 17 could use for their is business. 18 Q. Are you saying that – that all of 19 the entities were working kind of as a unified 20 unif and got synergistic benefits from the work 21 that it did? 22 MS. DEITSCH-PEREZ: Object to the 23 form. 24 A. I don't want to over generalize and 25 say vant the one hash decided that. 26 services rendered to Highland? 27 Fage 387 28 A. Well, the DAF is independent and 28 say ves to that, but – but there were 29 form. 20 DNDERO - 10/29/21 21 DONDERO - 10/29/21 22 M. Who recollection on the services and 23 the HCRE is that the dollar value of the 24 services provided. 29 garante, but the – the HCRE-type entity, yes. 21 for services rendered to Highland? 29 A. Well, the DAF is independent and 29 separate, but the – the HCRE-type entity, yes. 21 form. 22 MS, DEITSCH-PEREZ: Object to the 3 form. 3 the HCRE is that the dollar value of the 3 and you repeat the question? 4 services rendered to Highland? 5 With regard to the DAF, it was more 6 complicated. There is rules – there is 6 complicated. There is rules – there is 7 without receiving a stream of income in return? 8 is also – I wasn't the one that decided that 9 And there are other issues there other than 10 just the value for services and then there 11 is plained for the releasing a stream of income in return? 12 is, I don't know and I'm not involved in that, 12 is, I don't know and I'm not involved in that, 13 income in return? 14 MS, DEITSCH-PEREZ: John, I think 15 were really far outside of either any of 16 ME, Dondero's personal deposition. 29 MR, DeDrisch-PEREZ: John, I think 20 MR, Derisch-PEREZ: Again – again, 21 John, this is well	6		6	equity.	
8 Highland for services rendered? 9 Ms. DETTSCH-PEREZ: Asked and 10 believe there was specific definable benefit 11	7	Mr. Dondero, did HCRE ever pay anything to	7	• •	
9 benefiting from the HCRE performance. So I do 10 answered. 10 believe there was specific definable benefit 11 A. Yeah, that is what I was going to 12 say. Same answer, You know, not—not a 13 formal cash remuneration, but, you know, a — 14 which wouldn't have been much anyway. But— 15 but more in terms of track record and presence 16 in the market that then Highland or NexPoint 17 could use to further its business. 17 Ms. DEITSCH-PEREZ: Object to the 18 Q. Are you saying that—that all of 19 the entities were working kind of as a unified 20 unit and got synergistic benefits from the work 21 that it did? 22 Ms. DEITSCH-PEREZ: Object to the 23 form. 23 for services rendered to Highland? 24 A. I don't want to over generalize and 25 say yes to that, but—but there were 26 form. 23 for services rendered to Highland? 27 A. My recollection on the services and 28 services provided was—was serall and nominal. 39 Are limited that the market of the services and then there 40 services provided with the previous that the control of the services and the trace was the provided with the previous that the control of the services and the HCRE is that the dollar value of the 30 DONDERO - 10/29/21 21 A. My recollection on the services and 31 the HCRE is that the dollar value of the 32 services provided was—was serall and nominal. 4 Q. Sure. 4 DONDERO - 10/29/21 2 A. My recollection on the services and 4 Q. Are you controlled all of these 4 of between the HCRE-type entity, ves. 4 In that did? 5 J. A. Well, the DAF is independent and 5 separate, but the—the HCRE-type entity, ves. 4 In the trid did. Separate, but the the HCRE and 6 or minute that the service of the mode and the decided that the services provided was—was serial and nominal. 5 With regard to the DAF, it was more 6 complicated. There is nulse—there is 7 charging rubed the services areal and nominal. 5 With regard to the DAF, it was more 6 complicated. There is nulse—there is 7 charging rubed to the provided was—was areal and nominal. 6 Q. Did – did – did you decide on 10	8		8	NexPoint got in the real estate space	
10 believe there was specific definable benefit 11 A Yeah, that is what I was going to 12 say. Same answer. You know, not – not a 13 formal cash remuneration, but, you know, a – 14 which wouldn't have been much anyway. But – 15 but more in terms of track record and presence 16 in the market that then Highland or NexPoint 17 could use to further its business. 18 Q. Are you saying that – that all of 19 the entities were working kind of as a unified 20 unit and got synergistic benefits from the work 21 that it did? 22 MS, DEITSCH-PEREZ: Object to the 23 form. 24 A I don't want to over generalize and 25 say yes to that, but – but there were 26 form. 27 DONDERO - 10/29/21 28 A My recollection on the services and 29 the that the dollar value of the 30 the CRE is that the dollar value of the 4 services provided was – was small and nominal. 5 With regard to the DAF, it was more 6 complicated. There is nices—there is 7 charging rules in terms of fees and then there 8 is also – I wasn't the one that decided that. 8 MS, DEITSCH-PEREZ: Same objection. 1 And so I don't – the short answer 1 I and so I don't – the short answer 1 I And so I don't – the short answer 1 I And so I don't – the short answer 1 I And so I don't – the short answer 1 I And so I don't – the short answer 1 Charging rules in terms of fees and then there 8 is also – I wasn't the one that decided that. 9 A Chap us repeat the question? 1 And so I don't – the short answer 1 I And so I don't – the short answer 1 I And so I don't – the short answer 1 I answer is no. 2 Who made that deciden why sometimes there is 1 and I don't understand why sometimes there is 1 answer is no. 3 A C any ou repeat the question? 4 Who Daffer A without receiving a stream of income in return? 5 MS, DEITSCH-PEREZ: Was that Mike's dog or yours? 6 MR, Dontroch permissible for the MR. Dontroch personal, And, in fact, you	9	•	9	·	
11 A Yeah, that is what I was going to 12 say. Same answer. You know, not — not a 13 formal cash remuneration, but, you know, a — 14 which wouldn't have been much anyway. But — 15 but more in terms of track record and presence 16 in the market that then Highland or NexPoint 17 could use to further its business. 17 MS. DETTSCH-PEREZ: Object to the 18 form. 19 the entities were working kind of as a unified 20 unit and got synergistic benefits from the work 21 that it dig? 22 MS. DETSCH-PEREZ: Object to the 23 form. 24 A I don't want to over generalize and 25 say yes to that, but — but there were 25 form. 26 DONDERO - 10/29/21 27 A A My recollection on the services and 28 the HCRE is that the dollar value of the 29 services by the dollar value of the 29 serviced was — was small and nominal. 29 with regard to the DAF, it was more 20 complicated. There is nulse — there is 21 DA DNDERO - 10/29/21 22 A A My recollection on the services and 23 the HCRE is that the dollar value of the 25 services to the dollar value of the 26 complicated. There is nulse — there is 27 charging rules in terms of frees and then there 28 is also — I wasn't the one that decided that. 3 And there are other issues there other than 4 O DID doll — the short answer 4 I A John wan'the one that decided that. 4 And there are other issues there other than 5 I is J don't know the answer to that. 6 Q. Did — did — did you decide on 17 behalf of Highland would provide 18 services to DAF without receiving a stream of income in return? 19 Ms. DETSCH-PEREZ: Was that Mike's 20 do or yours? 21 Ms. DETSCH-PEREZ: John, I think 22 we're really far outside of either any of 23 Ms. DETSCH-PEREZ: John, I think 24 we're really far outside of either any of 25 Ms. DETSCH-PEREZ: John, I think 26 we're really far outside of either any of 27 Ms. Dectrice of the parmissible for Mr. Dondero's personal And, in fact, you	10		١		
12 say. Same answer. You know, not – not a 13 formal cash remuneration, but, you know, a – 14 which wouldn't have been much anyway. But – 15 but more in terms of track record and presence 16 in the market that then Highland of NexPoint 17 could use to further its business. 18 Q. Are you saying that – that all of 19 the entities were working kind of as a unified 20 unit and got sprengistic benefits from the work 21 that it did? 21 MS. DEITSCH-PEREZ. Object to the 22 MS. DEITSCH-PEREZ. Object to the 23 form. 24 A. I don't want to over generalize and 25 say yes to that, but – but there were 25 say yes to that, but – but there were 26 form. 27 A My recollection on the services and 28 the HERE is that the dollar value of the 29 services provided was – was small and nominal. 29 with regard to the DAF, it was more 30 sor your gead the purple. 31 DONDERO - 10/29/21 32 A With regard to the DAF, it was more 33 for services provided was – was small and nominal. 34 be HCRE is that the dollar value of the 35 as o – I wasn't the one that decided that. 36 or omplicated. There is rules – there is 37 charging rules in terms of fees and then there 38 is also – I wasn't the one that decided that. 39 And there are other issues there other than 40 Just the value for services anyument. 41 And so I don't – the short answer 41 And so I don't – the short answer 42 Q. Who made that decision? Who made 43 that decision? 44 Q. Did – did – did you decide on 45 behalf of Highland that provide services to the DAF 47 without receiving a stream of income in return? 48 MS. DEITSCH-PEREZ: Was that Mike's 49 don't know the answer to that. 40 Q. Did – did – did you decide on 40 behalf of Highland that Highland would provide 41 services to DAF without receiving a stream of 41 services to DAF without receiving a stream of 42 services to DAF without receiving a stream of 43 mR. DEITSCH-PEREZ: Was that Mike's 44 don't know the answer to that. 45 do or yours? 46 MR. DEITSCH-PEREZ: Use, I think 47 services provided was made that decision, sir? 48 MS. DEI	1	A. Yeah, that is what I was going to			
13 formal cash remuneration, but, you know, a — 13 Q. And you — 14 which wouldn't have been much anyway. But — 14 A. There wasn't specific remuneration. 15 but more in terms of track record and presence in the market that then Highland or NexPoint 16 entities; right? 17 could use to further its business. 17 Ms. DEITSCH-PEREZ: Object to the form. 18 form. 18 form. 19 the entities were working kind of as a unified 20 unit and got synergistic benefits from the work 20 separate, but the – the HCRE-type entity, yes. 21 Q. And didy out edicate that HCRE and 22 MS. DEITSCH-PEREZ: Object to the 23 form. 23 form. 23 form. 23 form. 23 form. 23 form. 24 A. I don't want to over generalize and 25 say yes to that, but – but there were 25 form. 25 form. 26 form. 27 form. 28 form. 27 form. 28 form. 28 form. 29 form. 2	1			_	
14 which wouldn't have been much anyway. But— 15 but more in terms of track record and presence 15 0. And you controlled all of these 16 in the market that then Highland or NexPont 17 could use to further its business. 18 0. Are you saying that — that all of 19 the entities were working kind of as a unified 20 unit and got synergistic benefits from the work 21 that it did? 22 MS. DEITSCH-PEREZ: Object to the 23 form. 24 A. I don't want to over generalize and 25 say yes to that, but — but there were 25 form. 26 A. Well, the DAF is independent and 27 yes parate, but the — the HCRE-type entity, yes. 28 form. 29 form. 20 JONDERO - 10/29/21 20 MS. DEITSCH-PEREZ: Object to the 29 form. 20 DONDERO - 10/29/21 21 A. Wy recollection on the services and 22 the HCRE is that the dollar value of the 23 say yes to that, but — but there were 25 form. 26 omplicated. There is rules — there is 27 charging rules in terms of fees and then there 38 is also — I wasn't show each was small and nominal. 39 And there are other issues there other than 40 just the value for services agrument. 41 And so I don't—the short answer 42 is, I don't know the answer to that 43 and I don't understand why sometimes there is 44 one and sometimes there is throne. Even to 45 this day I don't know the answer to that 46 one and sometimes there is throne. Even to 47 behalf of Highhand that Highland would provide 48 services to DAF without necessing a stream of interior? 49 Land of Jord—the short answer 40 Land of Highland that Highland would provide 41 services to DAF without necessing a stream of income in return? 41 And so I don't—the short answer 41 answer is no. 42 Q. Who made that decision, sir? 43 And benerally fair outside of either any of 44 MS. DEITSCH-PEREZ: Was that Mike's 45 dog or yours? 46 Mr. Dondero's personal deposition. 47 do you order one early fair outside of either any of 48 September 29 John, think 49 we're really fair outside of either any of 40 Mr. Dondero's personal. And, in fact, you	13	•		•	
15 but more in terms of track record and presence 16 in the market that then Highland or NexPoint 17 could use for further is business. 18 Q. Are you saying that – that all of 19 the entities were working kind of as a unified 19 the entities were working kind of as a unified 20 unit and got synergistic benefits from the work 21 that tidid? 22 MS. DEITSCH-PEREZ: Object to the 23 form. 24 A. I don't want to over generalize and 25 say yes to that, but – but there were 26 norm. 27 DONDERO - 10/29/21 28 A. With regard to the put there were 29 get an answer to this question. 29 get an answer to this question. 30 the HCRE is that the dollar value of the 31 services provided was – was small and nominal. 40 Sure. 51 charging rules in terms of fees and then there 52 is also – I wasn't the one that decided that. 53 rand there are other issues there other than 54 just the value for services argument. 55 ind off or Highland to provide services to the DAF 67 charging rules in terms of fees and then there 68 is also – I wasn't the one that decided that. 99 And there are other issues there other than 100 just the value for services argument. 110 And so I don't – the short answer 121 is, I don't know and I'm not involved in that, 13 and I don't understand why sometimes there is 14 one and sometimes there isn't one. Even to 15 this day I don't know the answer to that. 16 Q. Did – did – did you decide that answered it with my 17 rambling a few minutenes ago, but the short 18 in the DAF would be provide a services to the DAF 19 income in return? 19 A. Yeah, I think I answered it with my 10 rambling a few minutes ago, but the short 11 answer is no. 12 is, I don't know the answer to that. 13 that decision? 14 MS. DEITSCH-PEREZ: Was that Mike's 15 dog or yours? 16 Q. Did – did – did you decide the nor return? 19 we're really far outside of either any of 19 income in return? 19 A. Yeah, I think I answered the this question. 20 Ms. Denter Ch-PEREZ: John, I think 21 Ms. DEITSCH-PEREZ: Again – again, 22 Ms. Denter Ch-PEREZ: John, I think	14			•	
16 in the market that then Highland or NexPoint 17 could use to further its business. 18 Q. Are you saying that — that all of 19 the entities were working that of as a unified 20 unit and got synergistic benefits from the work 21 that it did? 22 MS. DETSCH-PEREZ: Object to the 23 form. 24 A. I don't want to over generalize and 25 say yes to that, but — but there were 26 form. 27 A. My recollection on the services and 28 the Highland? 29 A. My recollection on the services and 29 are that the dollar value of the 29 services provided was — was small and nominal. 20 are that the dollar value of the 21 DONDERO - 10/29/21 21 A. My recollection on the services and 22 MS. DETSCH-PEREZ: Object to the 23 form. 24 A. I don't want to over generalize and 25 say yes to that, but — but there were 25 form. 26 A. My recollection on the services and 27 the services provided was — was small and nominal. 28 services provided was — was small and nominal. 39 A. Can you repeat the question? 40 Sure. 41 DONDERO - 10/29/21 42 A. I don't want the one that decided that. 43 A. Can you repeat the question? 44 Q. Sure. 45 Did you make the decision on behalf of omplicated. There is rules— there is of highland to provide services to the DAF without receiving a stream of income in return? 48 is also — I wasn't the one that decided that. 49 And there are other issues there other than 40 just the value for services argument. 41 And so I don't — the short answer 42 is, I don't know and I'm not involved in that, and I don't understand wity sometimes there is an one and sometimes there isn't one. Even to that. 41 G. Q. Did — did — did you decide on 16 MR. MORRIS: That was my dog. I apsologie. 42 services to DAF without receiving a stream of income in return? 43 the decision? 44 Q. Sure. 45 Did you make the decision? Who made that decision? 46 Q. Did — did — did you decide on 16 MR. MORRIS: That was my dog. I apsologie. 47 services for the permissible topics for 19 John this is well beyond the scope of the 19 John this is well beyond the scope of th	1	• •		•	
17 could use to further its business. 18 Q. Are you saying that – that all of 19 the entities were working fund of as a unified 20 unit and got synergistic benefits from the work 21 that it did? 22 MS. DEITSCH-PEREZ: Object to the 23 form. 24 A. I don't want to over generalize and 25 say yes to that, but – but there were 26 say yes to that, but – but there were 27 page 386 28 A. My recollection on the services and 29 services provided was – was small and nominal. 29 were sprovided was – was small and nominal. 29 work threat the dollar value of the 29 complicated. There is rules – there is 20 complicated. There is rules – there is 31 and form it saws there other than 32 just the value for services and the market free sand then there 33 individual to the DAF, it was more 34 complicated. There is rules – there is 35 color do not make the decision on behalf of the plant the one that decided that. 36 A. Can you repeat the question? 37 without receiving a stream of income in return? 38 is also – I wasn't the one that decided that. 39 And there are other issues there other than 40 just the value for services agrument. 41 And so I don't – the short answer 41 and so I don't – the short answer 42 is also – I wasn't the one that decided on 43 the HCRE is that the docision on behalf of the plant of the DAF of without receiving a stream of income in return? 41 And so I don't – the short answer 42 is also – I wasn't the one that decided that. 43 and I don't understand why sometimes there is 44 one and sometimes there isn't one to that. 45 dog or yours? 46 A. Who made that decision? 47 Who made that decision? 48 MS. DEITSCH-PEREZ: Was that Mike's dog or yours? 49 MS. DEITSCH-PEREZ: Again – again, 40 A. I wasn't sure – 40 MS. DEITSCH-PEREZ: Again – again, 41 MS. DeITSCH-PEREZ: Again – again, 42 MS. Deitsch-PEREZ: Again – again, 43 MS. Dendero's personal deposition. 44 MS. Dendero's personal deposition. 45 MS. Dendero's personal deposition. 46 MS. Dendero's personal deposition. 47 MS. Dendero's personal deposition.	1	•		•	
18 form. 19 the entities were working kind of as a unified 20 unit and got synergistic benefits from the work 21 that it did? 22 MS. DEITSCH-PEREZ: Object to the 23 form. 24 A Idon't want to over generalize and 25 say yes to that, but – but there were 26 form. 27 DONDERO - 10/29/21 28 A My recollection on the services and 38 the HCRE is that the dollar value of the 49 services provided was – was small and nominal. 50 With regard to the DAF, it was more 60 complicated. There is nulse—there is 60 complicated. There is nulse—there is 61 is also—I wasn't the one that decided that. 63 And there are other issues there other than 61 just the value for services argument. 61 And sol don't —the short answer 63 is also—I wasn't the own dry not involved in that, 64 and son don't —the short answer 65 is also—I wasn't the one that decide on 66 complicated. There is nulse—there is 67 charging rules in terms of fees and then there 88 is also—I wasn't the one that decided that. 99 A Can you repeat the question on behalf 90 or Highland to provide services to the DAF 91 wasn't the one that decided that. 91 A can you repeat the question on behalf 92 or Highland to provide services to the DAF 93 or land in the DAF 94 A Yeal, the DAF is independent and 95 year, and the DAF wouldn't be required to pay 96 year year year year. 96 of Highland to provide services to the DAF 97 without receiving a stream of income in return? 98 A Yeal, think I answered it with my 99 or armbling a few minutes ago, but the short 99 and there are other issues there other. 90 And there are other issues there other. 91 answer is no. 92 Who made that decision? Who made 93 that decision? 94 Ms. DEITSCH-PEREZ: Was that Mike's 95 dog or yours? 95 dog or yours? 96 A I wasn't sure— 97 will hour derstand why sometimes there is 98 A Jeah, think I answer of the Supple of the 99 A yeah, think I answer of the Supple of the 99 A yeah, this is well beyond the scope of the 99 A yeah, this is well beyond the scope of the 99 A yeah, this is well beyond the scope of the 99 A y	l	_		-	
19 the entities were working kind of as a unified 20 unit and got synergistic benefits from the work 21 that it did? 22 MS. DEITSCH-PEREZ: Object to the 23 form. 24 A I don't want to over generalize and 25 say yes to that, but – but there were 26 form. 27 page 387 28 A My recollection on the services and 28 the HCRE is that the dollar value of the 29 get an answer to this question. 29 Tay on the page 10 page 387 20 A My recollection on the services and 20 get an answer to this question. 20 Sure. 21 DONDERO - 10/29/21 22 A My recollection on the services and 23 the HCRE is that the dollar value of the 25 services provided was – was small and nominal. 26 services provided was – was small and nominal. 27 charging rules in terms of fees and then there 28 is also – I wasn't the one that decided that. 29 And there are other issues there other than 29 A Yeah, I think I answered it with my 20 just the value for services argument. 21 is, I don't know and I'm not involved in that, 22 and I don't understand why sometimes there is 23 that decision? 24 MS. DEITSCH-PEREZ: Was that Mike's 25 Did you make the decision on behalf 26 of Highland to provide services to the DAF 27 without receiving a stream of income in return? 28 MS. DEITSCH-PEREZ: Same objection. 29 A Yeah, I think I answered it with my 20 just the value for services argument. 21 answer is no. 22 in MS. DEITSCH-PEREZ: Was that Mike's 23 dog or yours? 24 MS. DEITSCH-PEREZ: Was that Mike's 25 dog or yours? 26 MS. DEITSCH-PEREZ: Okay. 27 MS. DEITSCH-PEREZ: Again – again, 28 MS. DEITSCH-PEREZ: Again – again, 29 Ms. DEITSCH-PEREZ: Again – again, 20 Mr. Dondero's personal deposition. 20 Mr. Dondero's personal And, in fact, you	1			-	
20 unit and got synergistic benefits from the work 21 that it did? 22 MS. DEITSCH-PEREZ: Object to the 23 form. 24 A I don't want to over generalize and 25 say yes to that, but – but there were 26 form. 27 DONDERO - 10/29/21 28 A. My recollection on the services and 39 the HCRE is that the dollar value of the 40 services provided was – was small and nominal. 50 With regard to the DAF, it was more 61 complicated. There is rules – there is 71 charging rules in terms of fees and then there 81 is also – I wasn't the one that decided that. 91 And there are other issues there other than 101 just the value for services argument. 11 And so I don't – the short answer 12 is, I don't know and i'm not involved in that, 13 and I don't understand why sometimes there is 14 one and sometimes there ien't one. Even to 15 this day I don't wont the answer to that. 16 Q. Did – did – did Jou decide on 17 behalf of Highland that Highland would provide 18 services to DAF without receiving a stream of income in return? 19 income in return? 20 MS. DEITSCH-PEREZ: Was that Mike's 21 day now made that decided on 22 description. 23 for services end then there 24 microscopic provides explained the decision of behalf of Highland to provide services to the DAF 25 bit is day I don't and the other than 26 complicated. There is rules – there is 27 charging rules in terms of fees and then there 28 microscopic provides explained to the decide that. 29 A. Yeah, I think I answered it with my 20 just the value for services argument. 20 Microscopic provides explained the short answer in the short answer in the short answer is no. 20 Who made that decision? Who made 21 that decision? 22 Ms. DEITSCH-PEREZ: Okay. 23 John, this is well beyond the scope of the 24 Mr. Dondero's personal aleposition. 25 don't know the answer to that. 26 Library the provides explained to the provides explained that Highland would provide and provides explained that Highland would provide and provides explained that decision, sir? 26 Mr. Dondero's personal deposition. 27 Mr. Do	1				
21 that it did? 22 MS. DEITSCH-PEREZ: Object to the 23 form. 24 A Idon't want to over generalize and 25 say yes to that, but – but there were 26 form. 27 DONDERO - 10/29/21 28 A My recollection on the services and 38 the HCRE is that the dollar value of the 49 services provided was – was small and nominal. 40 Sure. 50 Did you make the decision on behalf 51 Charging rules in terms of fees and then there 40 is also – I wasn't the one that decided that. 40 And there are other issues there other than 41 Jand Sol don't – the short answer 42 is, I don't know and I'm not involved in that, 43 and I don't understand why sometimes there is 44 one and sometimes there isn't one. Even to 45 this day I don't know the answer to that. 46 Q. Did – did – did you decide on 47 behalf of Highland that Highland would provide 48 services to DAF without receiving a stream of income in return? 49 AND DEITSCH-PEREZ: Was that Milke's 40 don't understand why sometimes there is 41 one and sometimes there isn't one. Even to 42 the Soly (6) of the permissible of pick or the sort of the services of the part of this day I don't know the answer to that. 41 And sol don't experiment of the services of the that. 42 Q. Who made that decision? Who made 43 and I don't understand why sometimes there is 44 one and sometimes there isn't one. Even to 45 this day I don't know the answer to that. 46 Q. Did – did – did you decide on 47 behalf of Highland that Highland would provide 48 services to DAF without receiving a stream of 49 Q. Who made that decision, sir? 40 A. I wasn't sure – 41 MS. DEITSCH-PEREZ: Again – again, 41 Wasn DeitsCH-PEREZ: Again – again, 42 Don, this is well beyond the scope of the 43 don't provide the scope of the 44 Mr. Dondero's personal. And, in fact, you	1			•	
22 MS. DEITSCH-PEREZ: Object to the form. 23 for services rendered to Highland? 24 A. I don't want to over generalize and 25 say yes to that, but – but there were 26 form. 27 Page 386 1 DONDERO - 10/29/21 2 A. My recollection on the services and 3 the HCRE is that the dollar value of the services provided was – was small and nominal. 4 services provided was – was small and nominal. 5 With regard to the DAF, it was more 6 complicated. There is rules – there is 7 charging rules in terms of fees and then there 8 is also – I wasn't the one that decided that. 9 And there are other issues there other than 10 just the value for services argument. 11 And so I don't – the short answer 12 is, I don't know and i'm not involved in that, 13 and I don't understand why sometimes there is 14 one and sometimes there isn't one. Even to 15 this day I don't know the answer to that. 16 Q. Did – did – did you decide on 17 behalf of Highland that Highland would provide 18 services to DAF without receiving a stream of 19 income in return? 20 MS. DEITSCH-PEREZ: Object to the 21 MS. DEITSCH-PEREZ: Object to the 22 HCMS and the DAF wouldn't be required to Highland? 24 MS. DEITSCH-PEREZ: Object to the 25 form. 24 MS. DEITSCH-PEREZ: Object to the 25 form. 26 HIGH S and the DAF wouldn't be required to Highland? 27 devices to DAF without receiving a stream of 28 MS. DEITSCH-PEREZ: Was that Mike's 29 MS. DEITSCH-PEREZ: Okay. 20 MS. DEITSCH-PEREZ: Okay. 30 (b) (6) so reven anything permissible for 31 MS. Deores and then there is and object on the score of the 32 Mr. Dondero's personal deposition. 3 dr. Can you repeat the DAF woulder to the page 387 Page 387 Page 387 MS. DEITSCH-PEREZ: Object to the 3 A. Can you repeat the question? 3 A. Can you repeat the question? 4 Q. Sure. 5 Did you make the decision on behalf 6 of Highland to provide services to the DAF 7 without receiving a stream of income in return? 8 is also – I wasn't the one that decision on behalf 9 A. Yeah, I think lanswered it with my 10 rambling a few minutes ago, but the	1				
23 for services rendered to Highland? 24 A. I don't want to over generalize and 25 say yes to that, but – but there were 25 form. 1 DONDERO - 10/29/21 2 A. My recollection on the services and 3 the HCRE is that the dollar value of the 4 services provided was – was small and nominal. 5 With regard to the DAF, it was more 6 complicated. There is rules – there is 7 charging rules in terms of fees and then there 8 is also – I wasn't the one that decided that. 9 A. My services are other issues there other than 10 just the value for services argument. 11 And so I don't – the short answer 12 is, I don't know and I'm not involved in that, 13 and I don't understand why sometimes there is 14 one and sometimes there isn't one. Even to 15 this day I don't know the answer to that. 16 Q. Did – did – did you decide on 17 behalf of Highland that Highland would provide 18 services to DAF without receiving a stream of 19 income in return? 20 MS. DEITSCH-PEREZ: John, I think 21 we're really far outside of either any of 22 the 30(b)(6) or the permissible topics for 23 Mr. Dondero's personal deposition. 24 Mr. Dondero's personal. And, in fact, you	1			•	
24 MS. DEITSCH-PEREZ: Object to the say yes to that, but – but there were 25 form. Page 386 1 DONDERO -10/29/21 2 A. My recollection on the services and 2 get an answer to this question. 3 the HCRE is that the dollar value of the 3 A. Can you repeat the question? 4 services provided was – was small and nominal. 5 With regard to the DAF, it was more 6 complicated. There is rules – there is 6 of Highland to provide services to the DAF 7 charging rules in terms of fees and then there 8 is also – I wasn't the one that decided that 8 MS. DEITSCH-PEREZ: Same objection. 9 And there are other issues there other than 9 A. Yeah, I think I answered it with my 10 just the value for services argument. 10 rambling a few minutes ago, but the short 11 answer is no. 12 is, I don't know and I'm not involved in that, 12 Q. Who made that decision? Who made 13 and I don't understand why sometimes there is 13 that decision? Who made 15 this day I don't know the answer to that. 15 dog or yours? 18 MS. DEITSCH-PEREZ: Okay. 19 income in return? 19 Q. Who made that decision, sir? 20 MS. DEITSCH-PEREZ: John, I think 20 A. I wasn't sure – MS. DEITSCH-PEREZ: Again – again, 12 Mr. Dondero's personal deposition. 23 30(b)(6) so rethe permissible tor 22 Mr. Dondero's personal And, in fact, you	1	•			
25 say yes to that, but – but there were 25 form. DONDERO - 10/29/21 Page 386 1 DONDERO - 10/29/21 Page 387	1			_	
DONDERO - 10/29/21 A My recollection on the services and the HCRE is that the dollar value of the services provided was – was small and nominal. With regard to the DAF, it was more with regard to the DAF, it was more multiple is also – I wasn't the one that decided that. And so I don't – the short answer that and I don't understand why sometimes there is and I don't understand why sometimes there is and I don't know the answer to that. Dondero's personal deposition. Page 387 Page 388 DONDERO - 10/29/21 get an answer to this question. A Can you repeat the question? With our receiving a stream of income in return? 8 is also – I wasn't the one that decided that. 8 MS. DEITSCH-PEREZ: Same objection. 9 A. Yeah, I think I answered it with my 10 izes the value for services argument. 11 answer is no. 12 Q. Who made that decision? Who made 13 and I don't understand why sometimes there is 13 that decision? MS. DEITSCH-PEREZ: Was that Mike's dog or yours? MS. DEITSCH-PEREZ: Okay. 19 income in return? 19 Q. Who made that decision, sir? A I wasn't sure – MS. DEITSCH-PEREZ: Again – again, Justin the slot you decide of either any of 21 MS. DEITSCH-PEREZ: Again – again, Justin the slot you decide or Mr. Dondero's personal deposition. 24 Mr. Dondero's personal. And, in fact, you	1			-	
1 DONDERO - 10/29/21 2 A. My recollection on the services and 3 the HCRE is that the dollar value of the 4 services provided was – was small and nominal. 5 With regard to the DAF, it was more 6 complicated. There is rules – there is 6 of Highland to provide services to the DAF 7 charging rules in terms of fees and then there 8 is also – I wasn't the one that decided that. 9 And there are other issues there other than 9 And there are other issues there other than 10 just the value for services argument. 11 And so I don't – the short answer 12 is, I don't know and I'm not involved in that, 13 and I don't understand why sometimes there is 15 this day I don't know the answer to that. 16 Q. Did – did – did you decide on 17 behalf of Highland that Highland would provide 18 services to DAF without receiving a stream of 19 MS. DEITSCH-PEREZ: Was that Mike's 10 dog or yours? 11 answer is no. 12 dog or yours? 13 that decision? 14 one and sometimes there isn't one. Even to 15 this day I don't know the answer to that. 16 Q. Did – did – did you decide on 17 behalf of Highland that Highland would provide 18 services to DAF without receiving a stream of 19 Q. Who made that decision, sir? 20 MS. DEITSCH-PEREZ: Okay. 21 we're really far outside of either any of 22 who made that decision, sir? 23 MS. DEITSCH-PEREZ: Again – again, 24 Who. Dondero's personal deposition. 24 Mr. Dondero's personal deposition. 25 get an answer to this is question. 26 get an answer to this question. 27 get an answer to this question. 28 d. A. Can you make the decision on behalf 29 d. Who made that decision on behalf 29 d. Who made that decision? 20 Who made that decision on the permissible topics for 21 MS. DEITSCH-PEREZ: Again – again, 22 decision on the permissible topics for 23 30(b)(6)s or even anything permissible for 24 Mr. Dondero's personal. And, in fact, you	23	say yes to that, but — but there were	20	ionn.	
2 get an answer to this question. 3 the HCRE is that the dollar value of the 4 services provided was – was small and nominal. 5 With regard to the DAF, it was more 6 complicated. There is rules – there is 7 charging rules in terms of fees and then there 8 is also – I wasn't the one that decided that. 9 And there are other issues there other than 10 just the value for services argument. 11 And so I don't – the short answer 12 is, I don't know and I'm not involved in that, 13 and I don't understand why sometimes there is 14 one and sometimes there isn't one. Even to 15 this day I don't know the answer to that. 16 Q. Did – did – did you decide on 17 behalf of Highland that Highland would provide 18 services to DAF without receiving a stream of 19 income in return? 10 rambling a few minutes ago, but the short 11 answer is no. 12 Q. Who made that decision? Who made 13 and I don't understand why sometimes there is 14 MS. DEITSCH-PEREZ: Was that Mike's 15 dog or yours? 16 Q. Did – did – did you decide on 17 behalf of Highland that Highland would provide 18 services to DAF without receiving a stream of 19 income in return? 19 Q. Who made that decision, sir? 20 MS. DEITSCH-PEREZ: John, I think 20 A. I wasn't sure – 21 we're really far outside of either any of 22 John, this is well beyond the scope of the 23 Mr. Dondero's personal deposition. 24 Mr. Dondero's personal. And, in fact, you	1		1	DONDERO - 10/20/21	Page 387
3 the HCRE is that the dollar value of the 4 services provided was – was small and nominal. 5 With regard to the DAF, it was more 6 complicated. There is rules – there is 7 charging rules in terms of fees and then there 8 is also – I wasn't the one that decided that. 9 And there are other issues there other than 10 just the value for services argument. 11 And so I don't – the short answer 12 is, I don't know and I'm not involved in that, 13 and I don't understand why sometimes there is 14 one and sometimes there isn't one. Even to 15 this day I don't know the answer to that. 16 Q. Did – did – did you decide on 17 behalf of Highland that Highland would provide 18 services to DAF without receiving a stream of income in return? 19 A. Yeah, I think I answered it with my 10 rambling a few minutes ago, but the short 11 answer is no. 12 Q. Who made that decision? Who made 13 that decision? 14 one and sometimes there isn't one. Even to 15 this day I don't know the answer to that. 16 Q. Did – did – did you decide on 17 behalf of Highland that Highland would provide 18 services to DAF without receiving a stream of 19 income in return? 19 Q. Who made that decision, sir? 20 MS. DEITSCH-PEREZ: John, I think 20 A. I wasn't sure – 21 we're really far outside of either any of 21 MS. DEITSCH-PEREZ: Again – again, 22 the 30(b)(6)s or the permissible topics for 23 Mr. Dondero's personal. And, in fact, you	1				
4 services provided was – was small and nominal. 5 With regard to the DAF, it was more 6 complicated. There is rules – there is 7 charging rules in terms of fees and then there 8 is also – I wasn't the one that decided that. 9 And there are other issues there other than 10 just the value for services argument. 11 And so I don't – the short answer 12 is, I don't know and I'm not involved in that, 13 and I don't understand why sometimes there is 14 one and sometimes there isn't one. Even to 15 this day I don't know the answer to that. 16 Q. Did – did – did you decide on 17 behalf of Highland that Highland would provide 18 services to DAF without receiving a stream of income in return? 19 MS. DEITSCH-PEREZ: Was that Mike's 15 dog or yours? 16 MR. MORRIS: That was my dog. I 17 income in return? 19 Q. Who made that decision, sir? 20 MS. DEITSCH-PEREZ: Okay. 21 income in return? 22 MS. DEITSCH-PEREZ: Again – again, 23 Wr. Dondero's personal deposition. 24 So could you move on? 24 Mr. Dondero's personal. And, in fact, you	1	•		·	
With regard to the DAF, it was more complicated. There is rules – there is complicated. There is rules – there is charging rules in terms of fees and then there sis also – I wasn't the one that decided that. And there are other issues there other than just the value for services argument. And so I don't – the short answer is, I don't know and I'm not involved in that, and I don't understand why sometimes there is no en and sometimes there isn't one. Even to behalf of Highland that Highland would provide services to DAF MS. DEITSCH-PEREZ: Same objection. A. Yeah, I think I answered it with my rambling a few minutes ago, but the short answer is no. Q. Who made that decision? Who made that decision? MS. DEITSCH-PEREZ: Was that Mike's dog or yours? MS. DEITSCH-PEREZ: Was that Mike's MS. DEITSCH-PEREZ: Okay. Q. Who made that decision, sir? MS. DEITSCH-PEREZ: Again – again, the 30(b)(6)s or the permissible topics for Mr. Dondero's personal deposition. Mr. Dondero's personal. And, in fact, you	Ι.		١.		
6 complicated. There is rules – there is 7 charging rules in terms of fees and then there 8 is also – I wasn't the one that decided that. 9 And there are other issues there other than 10 just the value for services argument. 11 And so I don't – the short answer 12 is, I don't know and I'm not involved in that, 13 and I don't understand why sometimes there is 14 one and sometimes there isn't one. Even to 15 this day I don't know the answer to that. 16 Q. Did – did – did you decide on 17 behalf of Highland that Highland would provide 18 services to DAF without receiving a stream of 19 A. Yeah, I think I answered it with my 10 rambling a few minutes ago, but the short 11 answer is no. 12 Q. Who made that decision? Who made 13 that decision? 14 MS. DEITSCH-PEREZ: Was that Mike's 15 dog or yours? 16 Q. Did – did – did you decide on 17 behalf of Highland that Highland would provide 18 services to DAF without receiving a stream of 19 income in return? 20 MS. DEITSCH-PEREZ: John, I think 20 A. I wasn't sure – 21 we're really far outside of either any of 22 the 30(b)(6)s or the permissible topics for 23 Mr. Dondero's personal deposition. 24 Mr. Dondero's personal. And, in fact, you	I _	•			
7 charging rules in terms of fees and then there 8 is also – I wasn't the one that decided that. 9 And there are other issues there other than 10 just the value for services argument. 11 And so I don't – the short answer 12 is, I don't know and I'm not involved in that, 13 and I don't understand why sometimes there is 14 one and sometimes there isn't one. Even to 15 this day I don't know the answer to that. 16 Q. Did – did – did you decide on 17 behalf of Highland that Highland would provide 18 services to DAF without receiving a stream of income in return? 19 A. Yeah, I think I answered it with my 10 rambling a few minutes ago, but the short 11 answer is no. 12 Q. Who made that decision? Who made 13 that decision? 14 MS. DEITSCH-PEREZ: Was that Mike's 15 dog or yours? 16 Q. Did – did – did you decide on 17 behalf of Highland that Highland would provide 18 services to DAF without receiving a stream of 19 income in return? 19 Q. Who made that decision, sir? 20 MS. DEITSCH-PEREZ: John, I think 20 A. I wasn't sure – 21 we're really far outside of either any of 22 the 30(b)(6)s or the permissible topics for 23 Mr. Dondero's personal deposition. 24 So could you move on? 25 without receiving a stream of income in return? 26 Mr. Dondero's personal. And, in fact, you				•	
8 is also – I wasn't the one that decided that. 9 And there are other issues there other than 10 just the value for services argument. 11 And so I don't – the short answer 12 is, I don't know and I'm not involved in that, 13 and I don't understand why sometimes there is 14 one and sometimes there isn't one. Even to 15 this day I don't know the answer to that. 16 Q. Did – did – did you decide on 17 behalf of Highland that Highland would provide 18 services to DAF without receiving a stream of 19 income in return? 20 MS. DEITSCH-PEREZ: Okay. 21 we're really far outside of either any of 22 the 30(b)(6)s or the permissible topics for 24 So could you move on? 28 Mr. Dondero's personal deposition. 29 A. Yeah, I think I answered it with my 20 rambling a few minutes ago, but the short 21 answer is no. 21 danswer is no. 22 Who made that decision? Who made 23 Mr. Dondero's personal deposition. 24 Mr. Dondero's personal. And, in fact, you	7	•	7		
9 And there are other issues there other than 10 just the value for services argument. 11 And so I don't – the short answer 12 is, I don't know and I'm not involved in that, 13 and I don't understand why sometimes there is 14 one and sometimes there isn't one. Even to 15 this day I don't know the answer to that. 16 Q. Did – did – did you decide on 17 behalf of Highland that Highland would provide 18 services to DAF without receiving a stream of 19 income in return? 20 MS. DEITSCH-PEREZ: John, I think 21 Q. Who made that decision? Who made 22 the 30(b)(6)s or the permissible topics for 23 Mr. Dondero's personal deposition. 24 So could you move on? 29 A. Yeah, I think I answered it with my 29 A. Yeah, I think I answered it with my 20 rambling a few minutes ago, but the short 21 answer is no. 21 who made that decision? Who made 22 Mr. Dondero's personal. And, in fact, you	'		0	_	
10 just the value for services argument. 11 And so I don't – the short answer 12 is, I don't know and I'm not involved in that, 13 and I don't understand why sometimes there is 14 one and sometimes there isn't one. Even to 15 this day I don't know the answer to that. 16 Q. Did – did – did you decide on 17 behalf of Highland that Highland would provide 18 services to DAF without receiving a stream of 19 income in return? 20 MS. DEITSCH-PEREZ: John, I think 20 A. I wasn't sure – 21 we're really far outside of either any of 22 the 30(b)(6)s or the permissible topics for 23 Mr. Dondero's personal deposition. 24 So could you move on? 20 Mr. Dondero's personal. And, in fact, you	0			•	
11 And so I don't – the short answer 12 is, I don't know and I'm not involved in that, 13 and I don't understand why sometimes there is 14 one and sometimes there isn't one. Even to 15 this day I don't know the answer to that. 16 Q. Did – did – did you decide on 17 behalf of Highland that Highland would provide 18 services to DAF without receiving a stream of 19 income in return? 19 Q. Who made that decision? Who made 10 dog or yours? 11 answer is no. 12 Q. Who made that decision? Who made 13 that decision? 14 MS. DEITSCH-PEREZ: Was that Mike's 15 dog or yours? 16 MR. MORRIS: That was my dog. I 17 apologize. 18 services to DAF without receiving a stream of 18 MS. DEITSCH-PEREZ: Okay. 19 income in return? 19 Q. Who made that decision, sir? 20 MS. DEITSCH-PEREZ: John, I think 20 A. I wasn't sure – 21 we're really far outside of either any of 22 the 30(b)(6)s or the permissible topics for 23 Mr. Dondero's personal deposition. 24 So could you move on? 25 Mr. Dondero's personal. And, in fact, you	1				
12 is, I don't know and I'm not involved in that, 13 and I don't understand why sometimes there is 14 one and sometimes there isn't one. Even to 15 this day I don't know the answer to that. 16 Q. Did – did – did you decide on 17 behalf of Highland that Highland would provide 18 services to DAF without receiving a stream of 19 income in return? 19 Q. Who made that decision? Who made 17 apologize. 18 MS. DEITSCH-PEREZ: Okay. 19 income in return? 19 Q. Who made that decision, sir? 20 MS. DEITSCH-PEREZ: John, I think 20 A. I wasn't sure – 21 we're really far outside of either any of 22 the 30(b)(6)s or the permissible topics for 23 Mr. Dondero's personal deposition. 24 So could you move on? 26 Who made that decision? Who made 17 that decision? 18 MS. DEITSCH-PEREZ: Okay. 19 Q. Who made that decision, sir? 20 A. I wasn't sure – 21 MS. DEITSCH-PEREZ: Again – again, 22 John, this is well beyond the scope of the 23 30(b)(6)s or even anything permissible for 24 Mr. Dondero's personal. And, in fact, you	1	•		-	
13 and I don't understand why sometimes there is 14 one and sometimes there isn't one. Even to 15 this day I don't know the answer to that. 16 Q. Did – did – did you decide on 17 behalf of Highland that Highland would provide 18 services to DAF without receiving a stream of 19 income in return? 19 Q. Who made that decision, sir? 20 MS. DEITSCH-PEREZ: John, I think 21 we're really far outside of either any of 22 the 30(b)(6)s or the permissible topics for 23 Mr. Dondero's personal deposition. 24 So could you move on? 13 that decision? 14 MS. DEITSCH-PEREZ: Was that Mike's 15 dog or yours? 16 MR. MORRIS: That was my dog. I 17 apologize. 18 MS. DEITSCH-PEREZ: Okay. 19 Q. Who made that decision, sir? 20 A. I wasn't sure – 21 MS. DEITSCH-PEREZ: Again – again, 22 John, this is well beyond the scope of the 23 30(b)(6)s or even anything permissible for 24 Mr. Dondero's personal. And, in fact, you	1				
14 one and sometimes there isn't one. Even to 15 this day I don't know the answer to that. 16 Q. Did – did – did you decide on 17 behalf of Highland that Highland would provide 18 services to DAF without receiving a stream of 19 income in return? 19 Q. Who made that decision, sir? 20 MS. DEITSCH-PEREZ: John, I think 20 A. I wasn't sure – 21 we're really far outside of either any of 22 the 30(b)(6)s or the permissible topics for 23 Mr. Dondero's personal deposition. 24 So could you move on? 21 MS. DEITSCH-PEREZ: Was that Mike's 25 dog or yours? 26 MR. MORRIS: That was my dog. I 27 apologize. 28 MS. DEITSCH-PEREZ: Okay. 29 Q. Who made that decision, sir? 20 A. I wasn't sure – 21 we're really far outside of either any of 21 MS. DEITSCH-PEREZ: Again – again, 22 John, this is well beyond the scope of the 23 30(b)(6)s or even anything permissible for 24 Mr. Dondero's personal. And, in fact, you	1				
this day I don't know the answer to that. Q. Did – did – did you decide on 16 MR. MORRIS: That was my dog. I 17 behalf of Highland that Highland would provide 18 services to DAF without receiving a stream of 19 income in return? 19 Q. Who made that decision, sir? 20 MS. DEITSCH-PEREZ: John, I think 20 A. I wasn't sure – 21 we're really far outside of either any of 22 the 30(b)(6)s or the permissible topics for 23 Mr. Dondero's personal deposition. 24 So could you move on? 15 dog or yours? 16 MR. MORRIS: That was my dog. I 27 apologize. 28 MS. DEITSCH-PEREZ: Okay. 29 A. I wasn't sure – 21 MS. DEITSCH-PEREZ: Again – again, 22 John, this is well beyond the scope of the 23 30(b)(6)s or even anything permissible for 24 Mr. Dondero's personal. And, in fact, you	Ι	•			
16 Q. Did – did – did you decide on 17 behalf of Highland that Highland would provide 18 services to DAF without receiving a stream of 19 income in return? 19 MS. DEITSCH-PEREZ: Okay. 20 MS. DEITSCH-PEREZ: John, I think 20 A. I wasn't sure – 21 we're really far outside of either any of 22 the 30(b)(6)s or the permissible topics for 23 Mr. Dondero's personal deposition. 24 So could you move on? 26 MR. MORRIS: That was my dog. I 27 apologize. 28 MS. DEITSCH-PEREZ: Okay. 29 Q. Who made that decision, sir? 20 A. I wasn't sure – 21 MS. DEITSCH-PEREZ: Again – again, 22 John, this is well beyond the scope of the 23 30(b)(6)s or even anything permissible for 24 Mr. Dondero's personal. And, in fact, you	1				
17 behalf of Highland that Highland would provide 18 services to DAF without receiving a stream of 19 income in return? 19 MS. DEITSCH-PEREZ: Okay. 20 MS. DEITSCH-PEREZ: John, I think 21 we're really far outside of either any of 22 the 30(b)(6)s or the permissible topics for 23 Mr. Dondero's personal deposition. 24 So could you move on? 26 MS. DEITSCH-PEREZ: Again – again, 27 MS. DEITSCH-PEREZ: Again – again, 28 John, this is well beyond the scope of the 29 Mr. Dondero's personal. And, in fact, you	1	•			
18 services to DAF without receiving a stream of 19 income in return? 20 MS. DEITSCH-PEREZ: John, I think 21 we're really far outside of either any of 22 the 30(b)(6)s or the permissible topics for 23 Mr. Dondero's personal deposition. 24 So could you move on? 18 MS. DEITSCH-PEREZ: Okay. 19 Q. Who made that decision, sir? 20 A. I wasn't sure – 21 MS. DEITSCH-PEREZ: Again – again, 22 John, this is well beyond the scope of the 23 30(b)(6)s or even anything permissible for 24 Mr. Dondero's personal. And, in fact, you	1 1/0	U DIA AIA AIA VALLARCIAR AN	16	, ,	
19 income in return? 20 MS. DEITSCH-PEREZ: John, I think 21 we're really far outside of either any of 22 the 30(b)(6)s or the permissible topics for 23 Mr. Dondero's personal deposition. 24 So could you move on? 19 Q. Who made that decision, sir? 20 A. I wasn't sure – 21 MS. DEITSCH-PEREZ: Again – again, 22 John, this is well beyond the scope of the 23 30(b)(6)s or even anything permissible for 24 Mr. Dondero's personal. And, in fact, you	1	•	47	CIDOLOGIZO	
20 MS. DEITSCH-PEREZ: John, I think 21 we're really far outside of either any of 22 the 30(b)(6)s or the permissible topics for 23 Mr. Dondero's personal deposition. 24 So could you move on? 20 A. I wasn't sure – 21 MS. DEITSCH-PEREZ: Again – again, 22 John, this is well beyond the scope of the 23 30(b)(6)s or even anything permissible for 24 Mr. Dondero's personal. And, in fact, you	17	behalf of Highland that Highland would provide		· · · ·	
21 we're really far outside of either any of 22 the 30(b)(6)s or the permissible topics for 23 Mr. Dondero's personal deposition. 24 So could you move on? 25 Ms. DEITSCH-PEREZ: Again – again, 26 John, this is well beyond the scope of the 27 30(b)(6)s or even anything permissible for 28 Mr. Dondero's personal. And, in fact, you	17 18	behalf of Highland that Highland would provide services to DAF without receiving a stream of	18	MS. DEITSCH-PEREZ: Okay.	
the 30(b)(6)s or the permissible topics for Mr. Dondero's personal deposition. So could you move on? 22 John, this is well beyond the scope of the 23 30(b)(6)s or even anything permissible for 24 Mr. Dondero's personal. And, in fact, you	17 18 19	behalf of Highland that Highland would provide services to DAF without receiving a stream of income in return?	18 19	MS. DEITSCH-PEREZ: Okay. Q. Who made that decision, sir?	
23 Mr. Dondero's personal deposition. 24 So could you move on? 23 30(b)(6)s or even anything permissible for 24 Mr. Dondero's personal. And, in fact, you	17 18 19 20	behalf of Highland that Highland would provide services to DAF without receiving a stream of income in return? MS. DEITSCH-PEREZ: John, I think	18 19 20	MS. DEITSCH-PEREZ: Okay. Q. Who made that decision, sir? A. I wasn't sure —	
24 So could you move on? 24 Mr. Dondero's personal. And, in fact, you	17 18 19 20 21	behalf of Highland that Highland would provide services to DAF without receiving a stream of income in return? MS. DEITSCH-PEREZ: John, I think we're really far outside of either any of	18 19 20 21	MS. DEITSCH-PEREZ: Okay. Q. Who made that decision, sir? A. I wasn't sure — MS. DEITSCH-PEREZ: Again — again,	
	17 18 19 20 21 22	behalf of Highland that Highland would provide services to DAF without receiving a stream of income in return? MS. DEITSCH-PEREZ: John, I think we're really far outside of either any of the 30(b)(6)s or the permissible topics for	18 19 20 21 22	MS. DEITSCH-PEREZ: Okay. Q. Who made that decision, sir? A. I wasn't sure – MS. DEITSCH-PEREZ: Again – again, John, this is well beyond the scope of the	
25 MK. MOKRIS: Okay. I will after I 25 said last time that is it, that was my last	17 18 19 20 21 22 23	behalf of Highland that Highland would provide services to DAF without receiving a stream of income in return? MS. DEITSCH-PEREZ: John, I think we're really far outside of either any of the 30(b)(6)s or the permissible topics for Mr. Dondero's personal deposition.	18 19 20 21 22 23	MS. DEITSCH-PEREZ: Okay. Q. Who made that decision, sir? A. I wasn't sure – MS. DEITSCH-PEREZ: Again – again, John, this is well beyond the scope of the 30(b)(6)s or even anything permissible for	
	17 18 19 20 21 22 23 24	behalf of Highland that Highland would provide services to DAF without receiving a stream of income in return? MS. DEITSCH-PEREZ: John, I think we're really far outside of either any of the 30(b)(6)s or the permissible topics for Mr. Dondero's personal deposition. So could you move on?	18 19 20 21 22 23 24	MS. DEITSCH-PEREZ: Okay. Q. Who made that decision, sir? A. I wasn't sure — MS. DEITSCH-PEREZ: Again — again, John, this is well beyond the scope of the 30(b)(6)s or even anything permissible for Mr. Dondero's personal. And, in fact, you	

1	Page 388			Page 389
1	DONDERO - 10/29/21	1	DONDERO - 10/29/21	9
2	question. So	2	document on the screen is NexPoint's answer to	
3	MR. MORRIS: That is - that is	3	Highland's amended complaint?	
4	because I thought that he would say as the	4	A. Yes.	
5	control person at the enterprise that he	5	Q. Did you review this document before?	
6	made the decision, but he said that he	6	A. Just generally.	
7	didn't.	7	Q. And did you authorize the filing of	
8	So I'm just asking one follow-up	8	this document on behalf of NexPoint?	
9	question. I just want to know – Deborah,	9	A. Yes, yes.	
10	please.	10	Q. Are you aware of anything in this	
11	Q. I just want to know who made the	11	document today that you believe to be	
12	decision on behalf of Highland to render	12	inaccurate?	
13	services to the DAF without receiving a stream	13	A. I think the – on the affirmative	
14	of income in return.	14	defenses on the do you remember on the prior	
15	MS. DEITSCH-PEREZ: Object to the	15	one we had the - I think it was called	
16	form of the question for all of the reasons	16	justification as the first one, but there	
17	I stated before.	17	wasn't a prepay in that one?	
18	A. And I don't know the answer.	18	Q. Correct.	
19	Q. Okay. So looking back at the	19	A. I think this one there were prepays,	
20	document on the screen, we're going to ask	20	but the justification defense is missing from	
21	I'm going to ask these questions in your	21	the front here. And I think that is - I think	
22	capacity as NexPoint's 30(b)(6) representative,	22	if that were to continue - I think that is	
23	okay?	23	partly due to different law firms and what was	
24	A. Sure.	24	known at the time, et cetera, but I would say	
25	Q. And do you understand that the	25	that is - that is the - that is the one thing	
	Page 390			
				Page 391
1	DONDERO - 10/29/21	1	DONDERO - 10/29/21	Page 391
2	DONDERO - 10/29/21 that jumps out at me between the two.	2	something.	Page 391
Ι.	DONDERO - 10/29/21 that jumps out at me between the two. MR. MORRIS: Okay. Can we go to	2	something. MR. MORRIS: It is completely	Page 391
2 3 4	DONDERO - 10/29/21 that jumps out at me between the two. MR. MORRIS: Okay. Can we go to Paragraph 80, and let's see if we can see	2 3 4	something. MR. MORRIS: It is completely improper. He doesn't need to be a lawyer.	Page 391
2 3 4 5	DONDERO - 10/29/21 that jumps out at me between the two. MR. MORRIS: Okay. Can we go to Paragraph 80, and let's see if we can see what Mr. Dondero is talking about.	2 3 4 5	something. MR. MORRIS: It is completely improper. He doesn't need to be a lawyer. He's a 30(b)(6) witness, and I'm asking	Page 391
2 3 4 5 6	DONDERO - 10/29/21 that jumps out at me between the two. MR. MORRIS: Okay. Can we go to Paragraph 80, and let's see if we can see what Mr. Dondero is talking about. Q. Okay. So I'm just going to focus on	2 3 4 5 6	something. MR. MORRIS: It is completely improper. He doesn't need to be a lawyer. He's a 30(b)(6) witness, and I'm asking such a simple question, what facts do you	Page 391
2 3 4 5 6 7	DONDERO - 10/29/21 that jumps out at me between the two. MR. MORRIS: Okay. Can we go to Paragraph 80, and let's see if we can see what Mr. Dondero is talking about. Q. Okay. So I'm just going to focus on the first three paragraphs, 80, 81, and 82, and	2 3 4 5 6 7	something. MR. MORRIS: It is completely improper. He doesn't need to be a lawyer. He's a 30(b)(6) witness, and I'm asking such a simple question, what facts do you have that support the affirmative defense.	Page 391
2 3 4 5 6	DONDERO - 10/29/21 that jumps out at me between the two. MR. MORRIS: Okay. Can we go to Paragraph 80, and let's see if we can see what Mr. Dondero is talking about. Q. Okay. So I'm just going to focus on the first three paragraphs, 80, 81, and 82, and ask you whether — whether you are aware of any	2 3 4 5 6	something. MR. MORRIS: It is completely improper. He doesn't need to be a lawyer. He's a 30(b)(6) witness, and I'm asking such a simple question, what facts do you have that support the affirmative defense. A. Okay. Is it okay if I repeat some	Page 391
2 3 4 5 6 7	DONDERO - 10/29/21 that jumps out at me between the two. MR. MORRIS: Okay. Can we go to Paragraph 80, and let's see if we can see what Mr. Dondero is talking about. Q. Okay. So I'm just going to focus on the first three paragraphs, 80, 81, and 82, and ask you whether — whether you are aware of any facts that concern the affirmative defenses set	2 3 4 5 6 7 8 9	something. MR. MORRIS: It is completely improper. He doesn't need to be a lawyer. He's a 30(b)(6) witness, and I'm asking such a simple question, what facts do you have that support the affirmative defense. A. Okay. Is it okay if I repeat some of them from the prior one?	Page 391
2 3 4 5 6 7 8 9	DONDERO - 10/29/21 that jumps out at me between the two. MR. MORRIS: Okay. Can we go to Paragraph 80, and let's see if we can see what Mr. Dondero is talking about. Q. Okay. So I'm just going to focus on the first three paragraphs, 80, 81, and 82, and ask you whether – whether you are aware of any facts that concern the affirmative defenses set forth in those paragraphs. And I think they're	2 3 4 5 6 7 8 9 10	something. MR. MORRIS: It is completely improper. He doesn't need to be a lawyer. He's a 30(b)(6) witness, and I'm asking such a simple question, what facts do you have that support the affirmative defense. A. Okay. Is it okay if I repeat some of them from the prior one? Q. Sure. Whatever you are comfortable	Page 391
2 3 4 5 6 7 8 9 10	DONDERO - 10/29/21 that jumps out at me between the two. MR. MORRIS: Okay. Can we go to Paragraph 80, and let's see if we can see what Mr. Dondero is talking about. Q. Okay. So I'm just going to focus on the first three paragraphs, 80, 81, and 82, and ask you whether – whether you are aware of any facts that concern the affirmative defenses set forth in those paragraphs. And I think they're related, and that is why I'm asking you to do	2 3 4 5 6 7 8 9 10	something. MR. MORRIS: It is completely improper. He doesn't need to be a lawyer. He's a 30(b)(6) witness, and I'm asking such a simple question, what facts do you have that support the affirmative defense. A. Okay. Is it okay if I repeat some of them from the prior one? Q. Sure. Whatever you are comfortable with.	Page 391
2 3 4 5 6 7 8 9 10 11 12	DONDERO - 10/29/21 that jumps out at me between the two. MR. MORRIS: Okay. Can we go to Paragraph 80, and let's see if we can see what Mr. Dondero is talking about. Q. Okay. So I'm just going to focus on the first three paragraphs, 80, 81, and 82, and ask you whether — whether you are aware of any facts that concern the affirmative defenses set forth in those paragraphs. And I think they're related, and that is why I'm asking you to do it all together, but we can do it one at a	2 3 4 5 6 7 8 9 10 11 12	something. MR. MORRIS: It is completely improper. He doesn't need to be a lawyer. He's a 30(b)(6) witness, and I'm asking such a simple question, what facts do you have that support the affirmative defense. A. Okay. Is it okay if I repeat some of them from the prior one? Q. Sure. Whatever you are comfortable with. A. The – to the extent that – to the	Page 391
2 3 4 5 6 7 8 9 10 11 12 13	DONDERO - 10/29/21 that jumps out at me between the two. MR. MORRIS: Okay. Can we go to Paragraph 80, and let's see if we can see what Mr. Dondero is talking about. Q. Okay. So I'm just going to focus on the first three paragraphs, 80, 81, and 82, and ask you whether — whether you are aware of any facts that concern the affirmative defenses set forth in those paragraphs. And I think they're related, and that is why I'm asking you to do it all together, but we can do it one at a time, whatever you are comfortable with.	2 3 4 5 6 7 8 9 10	something. MR. MORRIS: It is completely improper. He doesn't need to be a lawyer. He's a 30(b)(6) witness, and I'm asking such a simple question, what facts do you have that support the affirmative defense. A. Okay. Is it okay if I repeat some of them from the prior one? Q. Sure. Whatever you are comfortable with. A. The – to the extent that – to the extent that the notes were prepaid – prepaid	Page 391
2 3 4 5 6 7 8 9 10 11 12 13 14	DONDERO - 10/29/21 that jumps out at me between the two. MR. MORRIS: Okay. Can we go to Paragraph 80, and let's see if we can see what Mr. Dondero is talking about. Q. Okay. So I'm just going to focus on the first three paragraphs, 80, 81, and 82, and ask you whether — whether you are aware of any facts that concern the affirmative defenses set forth in those paragraphs. And I think they're related, and that is why I'm asking you to do it all together, but we can do it one at a time, whatever you are comfortable with. MS. DEITSCH-PEREZ: Object to the	2 3 4 5 6 7 8 9 10 11 12 13 14	something. MR. MORRIS: It is completely improper. He doesn't need to be a lawyer. He's a 30(b)(6) witness, and I'm asking such a simple question, what facts do you have that support the affirmative defense. A. Okay. Is it okay if I repeat some of them from the prior one? Q. Sure. Whatever you are comfortable with. A. The – to the extent that – to the extent that the notes were prepaid – prepaid significantly, it is a real question on whether	Page 391
2 3 4 5 6 7 8 9 10 11 12 13	DONDERO - 10/29/21 that jumps out at me between the two.	2 3 4 5 6 7 8 9 10 11 12 13	something. MR. MORRIS: It is completely improper. He doesn't need to be a lawyer. He's a 30(b)(6) witness, and I'm asking such a simple question, what facts do you have that support the affirmative defense. A. Okay. Is it okay if I repeat some of them from the prior one? Q. Sure. Whatever you are comfortable with. A. The – to the extent that – to the extent that the notes were prepaid – prepaid significantly, it is a real question on whether or not there could have been a breach at the	Page 391
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	DONDERO - 10/29/21 that jumps out at me between the two.	2 3 4 5 6 7 8 9 10 11 12 13 14	something. MR. MORRIS: It is completely improper. He doesn't need to be a lawyer. He's a 30(b)(6) witness, and I'm asking such a simple question, what facts do you have that support the affirmative defense. A. Okay. Is it okay if I repeat some of them from the prior one? Q. Sure. Whatever you are comfortable with. A. The – to the extent that – to the extent that the notes were prepaid – prepaid significantly, it is a real question on whether or not there could have been a breach at the end of the year, even if there wasn't a payment	Page 391
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	DONDERO - 10/29/21 that jumps out at me between the two.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	something. MR. MORRIS: It is completely improper. He doesn't need to be a lawyer. He's a 30(b)(6) witness, and I'm asking such a simple question, what facts do you have that support the affirmative defense. A. Okay. Is it okay if I repeat some of them from the prior one? Q. Sure. Whatever you are comfortable with. A. The – to the extent that – to the extent that the notes were prepaid – prepaid significantly, it is a real question on whether or not there could have been a breach at the end of the year, even if there wasn't a payment at the end of the year.	Page 391
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	DONDERO - 10/29/21 that jumps out at me between the two.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	something. MR. MORRIS: It is completely improper. He doesn't need to be a lawyer. He's a 30(b)(6) witness, and I'm asking such a simple question, what facts do you have that support the affirmative defense. A. Okay. Is it okay if I repeat some of them from the prior one? Q. Sure. Whatever you are comfortable with. A. The – to the extent that – to the extent that the notes were prepaid – prepaid significantly, it is a real question on whether or not there could have been a breach at the end of the year, even if there wasn't a payment at the end of the year. There is no logical reason, nor	Page 391
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	that jumps out at me between the two. MR. MORRIS: Okay. Can we go to Paragraph 80, and let's see if we can see what Mr. Dondero is talking about. Q. Okay. So I'm just going to focus on the first three paragraphs, 80, 81, and 82, and ask you whether – whether you are aware of any facts that concern the affirmative defenses set forth in those paragraphs. And I think they're related, and that is why I'm asking you to do it all together, but we can do it one at a time, whatever you are comfortable with. MS. DEITSCH-PEREZ: Object to the form. I mean, other than the facts in those paragraphs? MR. MORRIS: You are doing it again,	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	something. MR. MORRIS: It is completely improper. He doesn't need to be a lawyer. He's a 30(b)(6) witness, and I'm asking such a simple question, what facts do you have that support the affirmative defense. A. Okay. Is it okay if I repeat some of them from the prior one? Q. Sure. Whatever you are comfortable with. A. The – to the extent that – to the extent that the notes were prepaid – prepaid significantly, it is a real question on whether or not there could have been a breach at the end of the year, even if there wasn't a payment at the end of the year.	Page 391
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	DONDERO - 10/29/21 that jumps out at me between the two.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	something. MR. MORRIS: It is completely improper. He doesn't need to be a lawyer. He's a 30(b)(6) witness, and I'm asking such a simple question, what facts do you have that support the affirmative defense. A. Okay. Is it okay if I repeat some of them from the prior one? Q. Sure. Whatever you are comfortable with. A. The – to the extent that – to the extent that the notes were prepaid – prepaid significantly, it is a real question on whether or not there could have been a breach at the end of the year, even if there wasn't a payment at the end of the year. There is no logical reason, nor	Page 391
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	that jumps out at me between the two. MR. MORRIS: Okay. Can we go to Paragraph 80, and let's see if we can see what Mr. Dondero is talking about. Q. Okay. So I'm just going to focus on the first three paragraphs, 80, 81, and 82, and ask you whether — whether you are aware of any facts that concern the affirmative defenses set forth in those paragraphs. And I think they're related, and that is why I'm asking you to do it all together, but we can do it one at a time, whatever you are comfortable with. MS. DEITSCH-PEREZ: Object to the form. I mean, other than the facts in those paragraphs? MR. MORRIS: You are doing it again, Deborah. MS. DEITSCH-PEREZ: It —	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	something. MR. MORRIS: It is completely improper. He doesn't need to be a lawyer. He's a 30(b)(6) witness, and I'm asking such a simple question, what facts do you have that support the affirmative defense. A. Okay. Is it okay if I repeat some of them from the prior one? Q. Sure. Whatever you are comfortable with. A. The – to the extent that – to the extent that the notes were prepaid – prepaid significantly, it is a real question on whether or not there could have been a breach at the end of the year, even if there wasn't a payment at the end of the year. There is no logical reason, nor would I have ever authorized or suggested no	Page 391
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	that jumps out at me between the two. MR. MORRIS: Okay. Can we go to Paragraph 80, and let's see if we can see what Mr. Dondero is talking about. Q. Okay. So I'm just going to focus on the first three paragraphs, 80, 81, and 82, and ask you whether — whether you are aware of any facts that concern the affirmative defenses set forth in those paragraphs. And I think they're related, and that is why I'm asking you to do it all together, but we can do it one at a time, whatever you are comfortable with. MS. DEITSCH-PEREZ: Object to the form. I mean, other than the facts in those paragraphs? MR. MORRIS: You are doing it again, Deborah. MS. DEITSCH-PEREZ: It — MR. MORRIS: Please, please.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	something. MR. MORRIS: It is completely improper. He doesn't need to be a lawyer. He's a 30(b)(6) witness, and I'm asking such a simple question, what facts do you have that support the affirmative defense. A. Okay. Is it okay if I repeat some of them from the prior one? Q. Sure. Whatever you are comfortable with. A. The — to the extent that — to the extent that the notes were prepaid — prepaid significantly, it is a real question on whether or not there could have been a breach at the end of the year, even if there wasn't a payment at the end of the year. There is no logical reason, nor would I have ever authorized or suggested no payment to put us on — in default due to a de	Page 391
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	DONDERO - 10/29/21 that jumps out at me between the two. MR. MORRIS: Okay. Can we go to Paragraph 80, and let's see if we can see what Mr. Dondero is talking about. Q. Okay. So I'm just going to focus on the first three paragraphs, 80, 81, and 82, and ask you whether — whether you are aware of any facts that concern the affirmative defenses set forth in those paragraphs. And I think they're related, and that is why I'm asking you to do it all together, but we can do it one at a time, whatever you are comfortable with. MS. DEITSCH-PEREZ: Object to the form. I mean, other than the facts in those paragraphs? MR. MORRIS: You are doing it again, Deborah. MS. DEITSCH-PEREZ: It — MR. MORRIS: Please, please. MS. DEITSCH-PEREZ: John, when you	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	something. MR. MORRIS: It is completely improper. He doesn't need to be a lawyer. He's a 30(b)(6) witness, and I'm asking such a simple question, what facts do you have that support the affirmative defense. A. Okay. Is it okay if I repeat some of them from the prior one? Q. Sure. Whatever you are comfortable with. A. The – to the extent that – to the extent that the notes were prepaid – prepaid significantly, it is a real question on whether or not there could have been a breach at the end of the year, even if there wasn't a payment at the end of the year. There is no logical reason, nor would I have ever authorized or suggested no payment to put us on – in default due to a de minimis amount of money, like a few hundred	Page 391
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	that jumps out at me between the two. MR. MORRIS: Okay. Can we go to Paragraph 80, and let's see if we can see what Mr. Dondero is talking about. Q. Okay. So I'm just going to focus on the first three paragraphs, 80, 81, and 82, and ask you whether — whether you are aware of any facts that concern the affirmative defenses set forth in those paragraphs. And I think they're related, and that is why I'm asking you to do it all together, but we can do it one at a time, whatever you are comfortable with. MS. DEITSCH-PEREZ: Object to the form. I mean, other than the facts in those paragraphs? MR. MORRIS: You are doing it again, Deborah. MS. DEITSCH-PEREZ: It — MR. MORRIS: Please, please. MS. DEITSCH-PEREZ: John, when you ask questions — I understand Mr. Dondero is sophisticated, but he's also not a lawyer, and when you ask questions that are	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	something. MR. MORRIS: It is completely improper. He doesn't need to be a lawyer. He's a 30(b)(6) witness, and I'm asking such a simple question, what facts do you have that support the affirmative defense. A. Okay. Is it okay if I repeat some of them from the prior one? Q. Sure. Whatever you are comfortable with. A. The – to the extent that – to the extent that the notes were prepaid – prepaid significantly, it is a real question on whether or not there could have been a breach at the end of the year, even if there wasn't a payment at the end of the year. There is no logical reason, nor would I have ever authorized or suggested no payment to put us on – in default due to a de minimis amount of money, like a few hundred thousand dollars, even if I was highly annoyed with Seery, even if we knew that Seery and Highland had overcharged NexPoint by whatever	Page 391
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	that jumps out at me between the two. MR. MORRIS: Okay. Can we go to Paragraph 80, and let's see if we can see what Mr. Dondero is talking about. Q. Okay. So I'm just going to focus on the first three paragraphs, 80, 81, and 82, and ask you whether — whether you are aware of any facts that concern the affirmative defenses set forth in those paragraphs. And I think they're related, and that is why I'm asking you to do it all together, but we can do it one at a time, whatever you are comfortable with. MS. DEITSCH-PEREZ: Object to the form. I mean, other than the facts in those paragraphs? MR. MORRIS: You are doing it again, Deborah. MS. DEITSCH-PEREZ: It — MR. MORRIS: Please, please. MS. DEITSCH-PEREZ: John, when you ask questions — I understand Mr. Dondero is sophisticated, but he's also not a	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	something. MR. MORRIS: It is completely improper. He doesn't need to be a lawyer. He's a 30(b)(6) witness, and I'm asking such a simple question, what facts do you have that support the affirmative defense. A. Okay. Is it okay if I repeat some of them from the prior one? Q. Sure. Whatever you are comfortable with. A. The – to the extent that – to the extent that the notes were prepaid – prepaid significantly, it is a real question on whether or not there could have been a breach at the end of the year, even if there wasn't a payment at the end of the year. There is no logical reason, nor would I have ever authorized or suggested no payment to put us on – in default due to a de minimis amount of money, like a few hundred thousand dollars, even if I was highly annoyed with Seery, even if we knew that Seery and	Page 391

_	B 000			
1	Page 392 DONDERO - 10/29/21	1	DONDERO - 10/29/21	Page 393
2 16	et a small amount cause a cause a breach.	2	cetera, but the calculation that they came up	
3	You know, the how would I how	3	to get it in compliance in good standing was a	
4 v	vould I add to that now. The overpayment on	4	million 4. And just like we relied on them to	
1	he \$14 million, holding back additional shared	5	pay it and keep us out of default, we relied on	
1	services amount, made an inordinate amount of	6	them to set the amount to cure.	
1 _	sense.	7	But I guess I would make the	
8	There was supposed to be at that	8	argument that it shouldn't have been, but	
1 -	ime – there was another netting from Seery in	9	again, I didn't want to mince – I didn't want	
1	terms of wanting to be fair and reasonable, you	10	to on small dollars make an argument that could	
1	know, with employees and with the transition of	11	get us in bigger trouble – bigger trouble. So	
1	the estate, et cetera, and everything was going	12	it was easier to – to pay the million bucks	
1	to get trued up.	13	than it was to argue that it wasn't due.	
14	So I do believe there was an	14	Q. Did you at any time in your capacity	
1	expectation of a netting, et cetera, but	15	as the person in control of NexPoint instruct	
1	overall, Highland should have paid it. It	16	anybody at Highland to make the payment that	
1	shouldn't have let it breach the cause, but at	17	was due at the end of 2020?	
1	least when I found out about it and they knew I	18	A. Not specifically to pay it or not	
1	was annoyed. And I told them I didn't want it	19	specifically not to pay it. It was something,	
1	to be in default, they gave me the numbers and	20	again, small and de minimis that I expected to	
1	the amounts to cure it in their mind, and they	21	be done in due course.	
1	accepted it.	22	MR. MORRIS: I move to strike.	
23	Now, I think they should have gone	23	Q. It's a very simple question.	
1	back and incorporated prepays and said that no	24	Did you personally take any steps to	
1	amounts were due because of the prepays, et	25	ensure that NexPoint made the payment that was	
120 (arribarito word dad booddoc or tric propayo, et	20	chould that Noxi of it made the payment that was	
1				
	Page 394	1	DONDERO - 10/20/21	Page 395
1	DONDERO - 10/29/21	1 2	DONDERO - 10/29/21	Page 395
2 0	DONDERO - 10/29/21 due at the end of 2020?	2	gave.	Page 395
2 0	DONDERO - 10/29/21 due at the end of 2020? MS. DEITSCH-PEREZ: Asked and	3	gave. Q. Okay. I'm going to say the word	Page 395
2 c 3 4	DONDERO - 10/29/21 due at the end of 2020? MS. DEITSCH-PEREZ: Asked and answered.	2 3 4	gave. Q. Okay. I'm going to say the word "Yankees," and every time I say the word	Page 395
2 0 3 4 5	DONDERO - 10/29/21 due at the end of 2020? MS. DEITSCH-PEREZ: Asked and answered. A. Yes, I would like to repeat my same	2 3 4 5	gave. Q. Okay. I'm going to say the word "Yankees," and every time I say the word "Yankees" today, everybody should know that	Page 395
2 c 3 4 5 6 a	DONDERO - 10/29/21 due at the end of 2020? MS. DEITSCH-PEREZ: Asked and answered. A. Yes, I would like to repeat my same answer.	2 3 4	gave. Q. Okay. I'm going to say the word "Yankees," and every time I say the word "Yankees" today, everybody should know that that is the question that I'm going to bring to	Page 395
2 o 3 4 5 6 a	DONDERO - 10/29/21 due at the end of 2020? MS. DEITSCH-PEREZ: Asked and answered. A. Yes, I would like to repeat my same answer. Q. Did you tell anybody to make the	2 3 4 5 6 7	gave. Q. Okay. I'm going to say the word "Yankees," and every time I say the word "Yankees" today, everybody should know that that is the question that I'm going to bring to the Court on a motion to compel, okay?	Page 395
2 0 3 4 5 6 a 7 8 p	DONDERO - 10/29/21 due at the end of 2020? MS. DEITSCH-PEREZ: Asked and answered. A. Yes, I would like to repeat my same answer. Q. Did you tell anybody to make the payment on behalf of NexPoint at the end of	2 3 4 5 6 7 8	gave. Q. Okay. I'm going to say the word "Yankees," and every time I say the word "Yankees" today, everybody should know that that is the question that I'm going to bring to the Court on a motion to compel, okay? It's a very simple question. It's a	Page 395
2 0 3 4 5 6 a 7 8 p 9 2	DONDERO - 10/29/21 due at the end of 2020? MS. DEITSCH-PEREZ: Asked and answered. A. Yes, I would like to repeat my same answer. Q. Did you tell anybody to make the payment on behalf of NexPoint at the end of 2020?	2 3 4 5 6 7 8 9	gave. Q. Okay. I'm going to say the word "Yankees," and every time I say the word "Yankees" today, everybody should know that that is the question that I'm going to bring to the Court on a motion to compel, okay? It's a very simple question. It's a very simple question. I will ask one more	Page 395
2 0 3 4 5 6 a 7 8 p 9 2	DONDERO - 10/29/21 due at the end of 2020? MS. DEITSCH-PEREZ: Asked and answered. A. Yes, I would like to repeat my same answer. Q. Did you tell anybody to make the payment on behalf of NexPoint at the end of 2020? MS. DEITSCH-PEREZ: Asked and	2 3 4 5 6 7 8 9 10	gave. Q. Okay. I'm going to say the word "Yankees," and every time I say the word "Yankees" today, everybody should know that that is the question that I'm going to bring to the Court on a motion to compel, okay? It's a very simple question. It's a very simple question. I will ask one more time, and if you don't want to answer, that is	Page 395
2 0 3 4 5 6 a 7 8 p 9 2	DONDERO - 10/29/21 due at the end of 2020? MS. DEITSCH-PEREZ: Asked and answered. A. Yes, I would like to repeat my same answer. Q. Did you tell anybody to make the payment on behalf of NexPoint at the end of 2020? MS. DEITSCH-PEREZ: Asked and answered.	2 3 4 5 6 7 8 9 10 11	gave. Q. Okay. I'm going to say the word "Yankees," and every time I say the word "Yankees" today, everybody should know that that is the question that I'm going to bring to the Court on a motion to compel, okay? It's a very simple question. It's a very simple question. I will ask one more time, and if you don't want to answer, that is fine.	Page 395
2 c 3 4 5 6 a 7 8 p 9 2 10 11 12	DONDERO - 10/29/21 due at the end of 2020? MS. DEITSCH-PEREZ: Asked and answered. A. Yes, I would like to repeat my same answer. Q. Did you tell anybody to make the payment on behalf of NexPoint at the end of 2020? MS. DEITSCH-PEREZ: Asked and answered. A. I would like to give the same answer	2 3 4 5 6 7 8 9 10 11 12	gave. Q. Okay. I'm going to say the word "Yankees," and every time I say the word "Yankees" today, everybody should know that that is the question that I'm going to bring to the Court on a motion to compel, okay? It's a very simple question. It's a very simple question. I will ask one more time, and if you don't want to answer, that is fine. MS. DEITSCH-PEREZ: What –	Page 395
2 c c 3 4 5 6 a 7 8 p 2 10 11 12 13 1	DONDERO - 10/29/21 due at the end of 2020? MS. DEITSCH-PEREZ: Asked and answered. A. Yes, I would like to repeat my same answer. Q. Did you tell anybody to make the payment on behalf of NexPoint at the end of 2020? MS. DEITSCH-PEREZ: Asked and answered. A. I would like to give the same answer that you – you – you struck.	2 3 4 5 6 7 8 9 10 11 12 13	gave. Q. Okay. I'm going to say the word "Yankees," and every time I say the word "Yankees" today, everybody should know that that is the question that I'm going to bring to the Court on a motion to compel, okay? It's a very simple question. It's a very simple question. I will ask one more time, and if you don't want to answer, that is fine. MS. DEITSCH-PEREZ: What – Q. Mr. Dondero – Mr. Dondero, in	Page 395
2 0 3 4 5 6 a 7 8 p 9 2 10 11 12 13 1	DONDERO - 10/29/21 due at the end of 2020? MS. DEITSCH-PEREZ: Asked and answered. A. Yes, I would like to repeat my same answer. Q. Did you tell anybody to make the payment on behalf of NexPoint at the end of 2020? MS. DEITSCH-PEREZ: Asked and answered. A. I would like to give the same answer that you – you – you struck. Q. Can you just say yes or no, sir, did	2 3 4 5 6 7 8 9 10 11 12 13 14	gave. Q. Okay. I'm going to say the word "Yankees," and every time I say the word "Yankees" today, everybody should know that that is the question that I'm going to bring to the Court on a motion to compel, okay? It's a very simple question. It's a very simple question. I will ask one more time, and if you don't want to answer, that is fine. MS. DEITSCH-PEREZ: What — Q. Mr. Dondero — Mr. Dondero, in December of 2020, did you give anybody any	Page 395
2 0 3 4 5 6 a 7 8 p 9 2 10 11 12 13 14 15 y	DONDERO - 10/29/21 due at the end of 2020? MS. DEITSCH-PEREZ: Asked and answered. A. Yes, I would like to repeat my same answer. Q. Did you tell anybody to make the bayment on behalf of NexPoint at the end of 2020? MS. DEITSCH-PEREZ: Asked and answered. A. I would like to give the same answer that you – you – you struck. Q. Can you just say yes or no, sir, did you tell anybody to make the payment at the end	2 3 4 5 6 7 8 9 10 11 12 13 14 15	gave. Q. Okay. I'm going to say the word "Yankees," and every time I say the word "Yankees" today, everybody should know that that is the question that I'm going to bring to the Court on a motion to compel, okay? It's a very simple question. It's a very simple question. I will ask one more time, and if you don't want to answer, that is fine. MS. DEITSCH-PEREZ: What — Q. Mr. Dondero — Mr. Dondero, in December of 2020, did you give anybody any instructions at Highland to make sure that	Page 395
2 c c 3 4 5 6 a 7 7 8 p 2 10 11 12 13 14 15 1 16 c c	DONDERO - 10/29/21 due at the end of 2020? MS. DEITSCH-PEREZ: Asked and answered. A. Yes, I would like to repeat my same answer. Q. Did you tell anybody to make the payment on behalf of NexPoint at the end of 2020? MS. DEITSCH-PEREZ: Asked and answered. A. I would like to give the same answer that you – you – you struck. Q. Can you just say yes or no, sir, did you tell anybody to make the payment at the end of 2020 on behalf of NexPoint?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	gave. Q. Okay. I'm going to say the word "Yankees," and every time I say the word "Yankees" today, everybody should know that that is the question that I'm going to bring to the Court on a motion to compel, okay? It's a very simple question. It's a very simple question. I will ask one more time, and if you don't want to answer, that is fine. MS. DEITSCH-PEREZ: What — Q. Mr. Dondero — Mr. Dondero, in December of 2020, did you give anybody any instructions at Highland to make sure that NexPoint made the payment that was due at the	Page 395
2 0 3 4 5 6 a 7 8 F 9 2 10 11 12 13 1 14 15 1 16 0	DONDERO - 10/29/21 due at the end of 2020? MS. DEITSCH-PEREZ: Asked and answered. A. Yes, I would like to repeat my same answer. Q. Did you tell anybody to make the payment on behalf of NexPoint at the end of 2020? MS. DEITSCH-PEREZ: Asked and answered. A. I would like to give the same answer that you – you – you struck. Q. Can you just say yes or no, sir, did you tell anybody to make the payment at the end of 2020 on behalf of NexPoint? MS. DEITSCH-PEREZ: Asked and	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	gave. Q. Okay. I'm going to say the word "Yankees," and every time I say the word "Yankees" today, everybody should know that that is the question that I'm going to bring to the Court on a motion to compel, okay? It's a very simple question. It's a very simple question. I will ask one more time, and if you don't want to answer, that is fine. MS. DEITSCH-PEREZ: What — Q. Mr. Dondero — Mr. Dondero, in December of 2020, did you give anybody any instructions at Highland to make sure that NexPoint made the payment that was due at the end of the year?	Page 395
2 0 3 4 5 6 a 7 8 p 2 10 11 12 13 14 15 16 0 17 18	DONDERO - 10/29/21 due at the end of 2020? MS. DEITSCH-PEREZ: Asked and answered. A. Yes, I would like to repeat my same answer. Q. Did you tell anybody to make the payment on behalf of NexPoint at the end of 2020? MS. DEITSCH-PEREZ: Asked and answered. A. I would like to give the same answer that you – you – you struck. Q. Can you just say yes or no, sir, did you tell anybody to make the payment at the end of 2020 on behalf of NexPoint? MS. DEITSCH-PEREZ: Asked and answered.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	gave. Q. Okay. I'm going to say the word "Yankees," and every time I say the word "Yankees" today, everybody should know that that is the question that I'm going to bring to the Court on a motion to compel, okay? It's a very simple question. It's a very simple question. I will ask one more time, and if you don't want to answer, that is fine. MS. DEITSCH-PEREZ: What — Q. Mr. Dondero — Mr. Dondero, in December of 2020, did you give anybody any instructions at Highland to make sure that NexPoint made the payment that was due at the end of the year? MS. DEITSCH-PEREZ: Asked and	Page 395
2 0 3 4 5 6 a 7 8 p 2 10 11 12 13 14 15 15 16 00 17 18 19	DONDERO - 10/29/21 due at the end of 2020? MS. DEITSCH-PEREZ: Asked and answered. A. Yes, I would like to repeat my same answer. Q. Did you tell anybody to make the payment on behalf of NexPoint at the end of 2020? MS. DEITSCH-PEREZ: Asked and answered. A. I would like to give the same answer that you – you – you struck. Q. Can you just say yes or no, sir, did you tell anybody to make the payment at the end of 2020 on behalf of NexPoint? MS. DEITSCH-PEREZ: Asked and answered. A. I don't want to give anything beyond	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	gave. Q. Okay. I'm going to say the word "Yankees," and every time I say the word "Yankees" today, everybody should know that that is the question that I'm going to bring to the Court on a motion to compel, okay? It's a very simple question. It's a very simple question. I will ask one more time, and if you don't want to answer, that is fine. MS. DEITSCH-PEREZ: What — Q. Mr. Dondero — Mr. Dondero, in December of 2020, did you give anybody any instructions at Highland to make sure that NexPoint made the payment that was due at the end of the year? MS. DEITSCH-PEREZ: Asked and answered.	Page 395
2 0 3 4 5 6 8 7 8 F 9 2 10 11 12 13 14 15 15 16 0 17 18 19 20 1	DONDERO - 10/29/21 due at the end of 2020? MS. DEITSCH-PEREZ: Asked and answered. A. Yes, I would like to repeat my same answer. Q. Did you tell anybody to make the payment on behalf of NexPoint at the end of 2020? MS. DEITSCH-PEREZ: Asked and answered. A. I would like to give the same answer that you – you – you struck. Q. Can you just say yes or no, sir, did you tell anybody to make the payment at the end of 2020 on behalf of NexPoint? MS. DEITSCH-PEREZ: Asked and answered. A. I don't want to give anything beyond the answer that I gave.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	gave. Q. Okay. I'm going to say the word "Yankees," and every time I say the word "Yankees" today, everybody should know that that is the question that I'm going to bring to the Court on a motion to compel, okay? It's a very simple question. It's a very simple question. I will ask one more time, and if you don't want to answer, that is fine. MS. DEITSCH-PEREZ: What — Q. Mr. Dondero — Mr. Dondero, in December of 2020, did you give anybody any instructions at Highland to make sure that NexPoint made the payment that was due at the end of the year? MS. DEITSCH-PEREZ: Asked and answered. A. I think that means I'm supposed to	Page 395
2 0 3 4 5 6 a 7 8 F 9 2 10 11 12 13 14 15 19 19 20 1	DONDERO - 10/29/21 due at the end of 2020? MS. DEITSCH-PEREZ: Asked and answered. A. Yes, I would like to repeat my same answer. Q. Did you tell anybody to make the payment on behalf of NexPoint at the end of 2020? MS. DEITSCH-PEREZ: Asked and answered. A. I would like to give the same answer that you – you – you struck. Q. Can you just say yes or no, sir, did you tell anybody to make the payment at the end of 2020 on behalf of NexPoint? MS. DEITSCH-PEREZ: Asked and answered. A. I don't want to give anything beyond the answer that I gave. Q. Okay.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	gave. Q. Okay. I'm going to say the word "Yankees," and every time I say the word "Yankees" today, everybody should know that that is the question that I'm going to bring to the Court on a motion to compel, okay? It's a very simple question. It's a very simple question. I will ask one more time, and if you don't want to answer, that is fine. MS. DEITSCH-PEREZ: What — Q. Mr. Dondero — Mr. Dondero, in December of 2020, did you give anybody any instructions at Highland to make sure that NexPoint made the payment that was due at the end of the year? MS. DEITSCH-PEREZ: Asked and answered. A. I think that means I'm supposed to stick with the answer that I gave.	Page 395
2 0 3 4 5 6 a 7 8 p 2 10 11 12 13 14 15 15 16 0 17 18 19 20 14 22	DONDERO - 10/29/21 due at the end of 2020? MS. DEITSCH-PEREZ: Asked and answered. A. Yes, I would like to repeat my same answer. Q. Did you tell anybody to make the payment on behalf of NexPoint at the end of 2020? MS. DEITSCH-PEREZ: Asked and answered. A. I would like to give the same answer that you – you – you struck. Q. Can you just say yes or no, sir, did you tell anybody to make the payment at the end of 2020 on behalf of NexPoint? MS. DEITSCH-PEREZ: Asked and answered. A. I don't want to give anything beyond the answer that I gave. Q. Okay. A. I get myself in trouble because I	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	gave. Q. Okay. I'm going to say the word "Yankees," and every time I say the word "Yankees" today, everybody should know that that is the question that I'm going to bring to the Court on a motion to compel, okay? It's a very simple question. It's a very simple question. I will ask one more time, and if you don't want to answer, that is fine. MS. DEITSCH-PEREZ: What — Q. Mr. Dondero — Mr. Dondero, in December of 2020, did you give anybody any instructions at Highland to make sure that NexPoint made the payment that was due at the end of the year? MS. DEITSCH-PEREZ: Asked and answered. A. I think that means I'm supposed to stick with the answer that I gave. MS. DEITSCH-PEREZ: You're on mute,	Page 395
2 0 3 4 5 6 a 7 8 p 2 10 11 12 13 14 15 15 16 0 17 18 19 20 1 22 23 p	DONDERO - 10/29/21 due at the end of 2020? MS. DEITSCH-PEREZ: Asked and answered. A. Yes, I would like to repeat my same answer. Q. Did you tell anybody to make the payment on behalf of NexPoint at the end of 2020? MS. DEITSCH-PEREZ: Asked and answered. A. I would like to give the same answer that you – you – you struck. Q. Can you just say yes or no, sir, did you tell anybody to make the payment at the end of 2020 on behalf of NexPoint? MS. DEITSCH-PEREZ: Asked and answered. A. I don't want to give anything beyond the answer that I gave. Q. Okay. A. I get myself in trouble because I paraphrase. I don't want to answer yes – I	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	gave. Q. Okay. I'm going to say the word "Yankees," and every time I say the word "Yankees" today, everybody should know that that is the question that I'm going to bring to the Court on a motion to compel, okay? It's a very simple question. It's a very simple question. I will ask one more time, and if you don't want to answer, that is fine. MS. DEITSCH-PEREZ: What — Q. Mr. Dondero — Mr. Dondero, in December of 2020, did you give anybody any instructions at Highland to make sure that NexPoint made the payment that was due at the end of the year? MS. DEITSCH-PEREZ: Asked and answered. A. I think that means I'm supposed to stick with the answer that I gave. MS. DEITSCH-PEREZ: You're on mute, John. John, you're on mute. John, you're	Page 395
2 0 3 4 5 6 8 7 8 F 9 2 10 11 12 13 1 14 15 1 16 0 17 18 19 20 1 21 22 23 F 24 0	DONDERO - 10/29/21 due at the end of 2020? MS. DEITSCH-PEREZ: Asked and answered. A. Yes, I would like to repeat my same answer. Q. Did you tell anybody to make the payment on behalf of NexPoint at the end of 2020? MS. DEITSCH-PEREZ: Asked and answered. A. I would like to give the same answer that you – you – you struck. Q. Can you just say yes or no, sir, did you tell anybody to make the payment at the end of 2020 on behalf of NexPoint? MS. DEITSCH-PEREZ: Asked and answered. A. I don't want to give anything beyond the answer that I gave. Q. Okay. A. I get myself in trouble because I	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	gave. Q. Okay. I'm going to say the word "Yankees," and every time I say the word "Yankees" today, everybody should know that that is the question that I'm going to bring to the Court on a motion to compel, okay? It's a very simple question. It's a very simple question. I will ask one more time, and if you don't want to answer, that is fine. MS. DEITSCH-PEREZ: What — Q. Mr. Dondero — Mr. Dondero, in December of 2020, did you give anybody any instructions at Highland to make sure that NexPoint made the payment that was due at the end of the year? MS. DEITSCH-PEREZ: Asked and answered. A. I think that means I'm supposed to stick with the answer that I gave. MS. DEITSCH-PEREZ: You're on mute,	Page 395

1 DONDERO - 10/29/21	Page 396	1	DONDERO - 10/29/21	Page 397
2 when he yells at me on mute.			instructed Highland to make the payment that	
3 MS. DEITSCH-PEREZ: John, we can't		3	was due on the NexPoint term note in December	
4 hear you.		4	of 2020?	
5 COURT REPORTER: We can't hear you,		5	MS. DEITSCH-PEREZ: John, that is	
6 John.		6	the fifth or sixth time.	
7 MR. MORRIS: You can't hear me?		7	MR. MORRIS: It is a completely	
			different question. Please.	
1		8	•	
9 MS. DEITSCH-PEREZ: Now we can hear		9	MS. DEITSCH-PEREZ: Could you read	
10 you, but we couldn't hear you. It looks		10	it back, if I was mistaken. So read it	
11 like you were yelling, but we couldn't hear		11	back.	
12 you.		12	(Record read.)	
13 A. I do like it better when you yell at		13	A. NexPoint did not have the accounting	
14 me on mute.		14	staff or the systems or the records or the	
15 Q. I try not to yell at you, and I hope		15	knowledge to have any person in the world at	
16 that you haven't perceived this we do have a		16	NexPoint to give that instruction.	
17 videotape this time. So to the extent that		17	So the long answer – the short	
18 anybody perceives your comment as suggesting		18	answer is no, but the long answer is we had	
19 that I have yelled at you, I would invite them		19	been kept away from our books and records. I	
20 to look at the video.		20	think we largely still don't have them, and	
21 MS. DEITSCH-PEREZ: Well, we said we		21	there would I am not aware of anybody who	
22 couldn't hear you, but your animation		22	anybody in the world at NexPoint who made that	
23 looked like that.		23	request.	
24 Q. Sir, can you identify any person in		24	Q. Frank Waterhouse was the treasurer	
25 the world acting on behalf of NexPoint who		25	of NexPoint in December of 2020; is that	
	D 200			D 200
1 DONDERO - 10/29/21	Page 398	1	DONDERO - 10/29/21	Page 399
1 DONDERO - 10/29/21 2 correct?	Page 398	1 2	DONDERO - 10/29/21 A. Yes.	Page 399
2 correct?	Page 398	2	A. Yes.	Page 399
2 correct? 3 A. I think he was very much viewing his	Page 398	2 3	A. Yes. Q. Okay. Did you speak with anybody	Page 399
2 correct? 3 A. I think he was very much viewing his 4 responsibilities as Highland related and as an	Page 398	2 3 4	A. Yes. Q. Okay. Did you speak with anybody during the break about the substance of this	Page 399
2 correct? 3 A. I think he was very much viewing his 4 responsibilities as Highland related and as an 5 employee of Highland. But yes, based on that	Page 398	2 3 4 5	A. Yes. Q. Okay. Did you speak with anybody during the break about the substance of this deposition?	Page 399
2 correct? 3 A. I think he was very much viewing his 4 responsibilities as Highland related and as an 5 employee of Highland. But yes, based on that 6 incumbency certificate, but that is your –	Page 398	2 3 4 5 6	A. Yes.Q. Okay. Did you speak with anybody during the break about the substance of this deposition?A. No.	Page 399
2 correct? 3 A. I think he was very much viewing his 4 responsibilities as Highland related and as an 5 employee of Highland. But yes, based on that 6 incumbency certificate, but that is your – 7 your question to ask Frank if he was taking	Page 398	2 3 4 5 6 7	 A. Yes. Q. Okay. Did you speak with anybody during the break about the substance of this deposition? A. No. Q. You entered into certain oral 	Page 399
2 correct? 3 A. I think he was very much viewing his 4 responsibilities as Highland related and as an 5 employee of Highland. But yes, based on that 6 incumbency certificate, but that is your — 7 your question to ask Frank if he was taking 8 that seriously, but NexPoint was relying on	Page 398	2 3 4 5 6 7 8	A. Yes. Q. Okay. Did you speak with anybody during the break about the substance of this deposition? A. No. Q. You entered into certain oral agreements with your sister concerning some of	Page 399
2 correct? 3 A. I think he was very much viewing his 4 responsibilities as Highland related and as an 5 employee of Highland. But yes, based on that 6 incumbency certificate, but that is your – 7 your question to ask Frank if he was taking 8 that seriously, but NexPoint was relying on 9 Highland.	Page 398	2 3 4 5 6 7 8 9	A. Yes. Q. Okay. Did you speak with anybody during the break about the substance of this deposition? A. No. Q. You entered into certain oral agreements with your sister concerning some of the notes at issue in these lawsuits.	Page 399
2 correct? 3 A. I think he was very much viewing his 4 responsibilities as Highland related and as an 5 employee of Highland. But yes, based on that 6 incumbency certificate, but that is your – 7 your question to ask Frank if he was taking 8 that seriously, but NexPoint was relying on 9 Highland. 10 Q. Do you have any other facts that you	Page 398	2 3 4 5 6 7 8 9	A. Yes. Q. Okay. Did you speak with anybody during the break about the substance of this deposition? A. No. Q. You entered into certain oral agreements with your sister concerning some of the notes at issue in these lawsuits. Do I have that right?	Page 399
2 correct? 3 A. I think he was very much viewing his 4 responsibilities as Highland related and as an 5 employee of Highland. But yes, based on that 6 incumbency certificate, but that is your — 7 your question to ask Frank if he was taking 8 that seriously, but NexPoint was relying on 9 Highland. 10 Q. Do you have any other facts that you 11 are aware of that relate to the affirmative	Page 398	2 3 4 5 6 7 8 9 10 11	A. Yes. Q. Okay. Did you speak with anybody during the break about the substance of this deposition? A. No. Q. You entered into certain oral agreements with your sister concerning some of the notes at issue in these lawsuits. Do I have that right? MS. DEITSCH-PEREZ: Object to the	Page 399
2 correct? 3 A. I think he was very much viewing his 4 responsibilities as Highland related and as an 5 employee of Highland. But yes, based on that 6 incumbency certificate, but that is your – 7 your question to ask Frank if he was taking 8 that seriously, but NexPoint was relying on 9 Highland. 10 Q. Do you have any other facts that you 11 are aware of that relate to the affirmative 12 defenses set forth in Paragraphs 81 through 82?	Page 398	2 3 4 5 6 7 8 9 10 11 12	A. Yes. Q. Okay. Did you speak with anybody during the break about the substance of this deposition? A. No. Q. You entered into certain oral agreements with your sister concerning some of the notes at issue in these lawsuits. Do I have that right? MS. DEITSCH-PEREZ: Object to the form.	Page 399
2 correct? 3 A. I think he was very much viewing his 4 responsibilities as Highland related and as an 5 employee of Highland. But yes, based on that 6 incumbency certificate, but that is your – 7 your question to ask Frank if he was taking 8 that seriously, but NexPoint was relying on 9 Highland. 10 Q. Do you have any other facts that you 11 are aware of that relate to the affirmative 12 defenses set forth in Paragraphs 81 through 82? 13 A. I think I – I think I've said them	Page 398	2 3 4 5 6 7 8 9 10 11 12 13	A. Yes. Q. Okay. Did you speak with anybody during the break about the substance of this deposition? A. No. Q. You entered into certain oral agreements with your sister concerning some of the notes at issue in these lawsuits. Do I have that right? MS. DEITSCH-PEREZ: Object to the form. A. Can you rephrase or repeat, please?	Page 399
2 correct? 3 A. I think he was very much viewing his 4 responsibilities as Highland related and as an 5 employee of Highland. But yes, based on that 6 incumbency certificate, but that is your – 7 your question to ask Frank if he was taking 8 that seriously, but NexPoint was relying on 9 Highland. 10 Q. Do you have any other facts that you 11 are aware of that relate to the affirmative 12 defenses set forth in Paragraphs 81 through 82? 13 A. I think I – I think I've said them 14 all.	Page 398	2 3 4 5 6 7 8 9 10 11 12 13 14	A. Yes. Q. Okay. Did you speak with anybody during the break about the substance of this deposition? A. No. Q. You entered into certain oral agreements with your sister concerning some of the notes at issue in these lawsuits. Do I have that right? MS. DEITSCH-PEREZ: Object to the form. A. Can you rephrase or repeat, please? Q. Sure.	Page 399
2 correct? 3 A. I think he was very much viewing his 4 responsibilities as Highland related and as an 5 employee of Highland. But yes, based on that 6 incumbency certificate, but that is your – 7 your question to ask Frank if he was taking 8 that seriously, but NexPoint was relying on 9 Highland. 10 Q. Do you have any other facts that you 11 are aware of that relate to the affirmative 12 defenses set forth in Paragraphs 81 through 82? 13 A. I think I – I think I've said them 14 all. 15 MR. MORRIS: Okay. It is 2:13	Page 398	2 3 4 5 6 7 8 9 10 11 12 13 14 15	A. Yes. Q. Okay. Did you speak with anybody during the break about the substance of this deposition? A. No. Q. You entered into certain oral agreements with your sister concerning some of the notes at issue in these lawsuits. Do I have that right? MS. DEITSCH-PEREZ: Object to the form. A. Can you rephrase or repeat, please? Q. Sure. You entered into certain oral	Page 399
2 correct? 3 A. I think he was very much viewing his 4 responsibilities as Highland related and as an 5 employee of Highland. But yes, based on that 6 incumbency certificate, but that is your – 7 your question to ask Frank if he was taking 8 that seriously, but NexPoint was relying on 9 Highland. 10 Q. Do you have any other facts that you 11 are aware of that relate to the affirmative 12 defenses set forth in Paragraphs 81 through 82? 13 A. I think I – I think I've said them 14 all. 15 MR. MORRIS: Okay. It is 2:13 16 Eastern time. Let's just take a short	Page 398	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	A. Yes. Q. Okay. Did you speak with anybody during the break about the substance of this deposition? A. No. Q. You entered into certain oral agreements with your sister concerning some of the notes at issue in these lawsuits. Do I have that right? MS. DEITSCH-PEREZ: Object to the form. A. Can you rephrase or repeat, please? Q. Sure. You entered into certain oral agreements with your sister concerning certain	Page 399
2 correct? 3 A. I think he was very much viewing his 4 responsibilities as Highland related and as an 5 employee of Highland. But yes, based on that 6 incumbency certificate, but that is your — 7 your question to ask Frank if he was taking 8 that seriously, but NexPoint was relying on 9 Highland. 10 Q. Do you have any other facts that you 11 are aware of that relate to the affirmative 12 defenses set forth in Paragraphs 81 through 82? 13 A. I think I — I think I've said them 14 all. 15 MR. MORRIS: Okay. It is 2:13 16 Eastern time. Let's just take a short 17 half-hour lunch break, and let's return at	Page 398	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	A. Yes. Q. Okay. Did you speak with anybody during the break about the substance of this deposition? A. No. Q. You entered into certain oral agreements with your sister concerning some of the notes at issue in these lawsuits. Do I have that right? MS. DEITSCH-PEREZ: Object to the form. A. Can you rephrase or repeat, please? Q. Sure. You entered into certain oral agreements with your sister concerning certain of the notes at issue in these lawsuits.	Page 399
2 correct? 3 A. I think he was very much viewing his 4 responsibilities as Highland related and as an 5 employee of Highland. But yes, based on that 6 incumbency certificate, but that is your – 7 your question to ask Frank if he was taking 8 that seriously, but NexPoint was relying on 9 Highland. 10 Q. Do you have any other facts that you 11 are aware of that relate to the affirmative 12 defenses set forth in Paragraphs 81 through 82? 13 A. I think I – I think I've said them 14 all. 15 MR. MORRIS: Okay. It is 2:13 16 Eastern time. Let's just take a short 17 half-hour lunch break, and let's return at 18 2:45, or 1:45 Central.	Page 398	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	A. Yes. Q. Okay. Did you speak with anybody during the break about the substance of this deposition? A. No. Q. You entered into certain oral agreements with your sister concerning some of the notes at issue in these lawsuits. Do I have that right? MS. DEITSCH-PEREZ: Object to the form. A. Can you rephrase or repeat, please? Q. Sure. You entered into certain oral agreements with your sister concerning certain of the notes at issue in these lawsuits. Do I have that right?	Page 399
2 correct? 3 A. I think he was very much viewing his 4 responsibilities as Highland related and as an 5 employee of Highland. But yes, based on that 6 incumbency certificate, but that is your – 7 your question to ask Frank if he was taking 8 that seriously, but NexPoint was relying on 9 Highland. 10 Q. Do you have any other facts that you 11 are aware of that relate to the affirmative 12 defenses set forth in Paragraphs 81 through 82? 13 A. I think I – I think I've said them 14 all. 15 MR. MORRIS: Okay. It is 2:13 16 Eastern time. Let's just take a short 17 half-hour lunch break, and let's return at 18 2:45, or 1:45 Central. 19 VIDEOGRAPHER: Off the record, 1:13.	Page 398	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	A. Yes. Q. Okay. Did you speak with anybody during the break about the substance of this deposition? A. No. Q. You entered into certain oral agreements with your sister concerning some of the notes at issue in these lawsuits. Do I have that right? MS. DEITSCH-PEREZ: Object to the form. A. Can you rephrase or repeat, please? Q. Sure. You entered into certain oral agreements with your sister concerning certain of the notes at issue in these lawsuits. Do I have that right? MS. DEITSCH-PEREZ: Object —	Page 399
2 correct? 3 A. I think he was very much viewing his 4 responsibilities as Highland related and as an 5 employee of Highland. But yes, based on that 6 incumbency certificate, but that is your — 7 your question to ask Frank if he was taking 8 that seriously, but NexPoint was relying on 9 Highland. 10 Q. Do you have any other facts that you 11 are aware of that relate to the affirmative 12 defenses set forth in Paragraphs 81 through 82? 13 A. I think I — I think I've said them 14 all. 15 MR. MORRIS: Okay. It is 2:13 16 Eastern time. Let's just take a short 17 half-hour lunch break, and let's return at 18 2:45, or 1:45 Central. 19 VIDEOGRAPHER: Off the record, 1:13. 20 (Recess taken 1:13 p.m. to 1:48 p.m.)	Page 398	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	A. Yes. Q. Okay. Did you speak with anybody during the break about the substance of this deposition? A. No. Q. You entered into certain oral agreements with your sister concerning some of the notes at issue in these lawsuits. Do I have that right? MS. DEITSCH-PEREZ: Object to the form. A. Can you rephrase or repeat, please? Q. Sure. You entered into certain oral agreements with your sister concerning certain of the notes at issue in these lawsuits. Do I have that right?	Page 399
2 correct? 3 A. I think he was very much viewing his 4 responsibilities as Highland related and as an 5 employee of Highland. But yes, based on that 6 incumbency certificate, but that is your – 7 your question to ask Frank if he was taking 8 that seriously, but NexPoint was relying on 9 Highland. 10 Q. Do you have any other facts that you 11 are aware of that relate to the affirmative 12 defenses set forth in Paragraphs 81 through 82? 13 A. I think I – I think I've said them 14 all. 15 MR. MORRIS: Okay. It is 2:13 16 Eastern time. Let's just take a short 17 half-hour lunch break, and let's return at 18 2:45, or 1:45 Central. 19 VIDEOGRAPHER: Off the record, 1:13.	Page 398	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	A. Yes. Q. Okay. Did you speak with anybody during the break about the substance of this deposition? A. No. Q. You entered into certain oral agreements with your sister concerning some of the notes at issue in these lawsuits. Do I have that right? MS. DEITSCH-PEREZ: Object to the form. A. Can you rephrase or repeat, please? Q. Sure. You entered into certain oral agreements with your sister concerning certain of the notes at issue in these lawsuits. Do I have that right? MS. DEITSCH-PEREZ: Object —	Page 399
2 correct? 3 A. I think he was very much viewing his 4 responsibilities as Highland related and as an 5 employee of Highland. But yes, based on that 6 incumbency certificate, but that is your — 7 your question to ask Frank if he was taking 8 that seriously, but NexPoint was relying on 9 Highland. 10 Q. Do you have any other facts that you 11 are aware of that relate to the affirmative 12 defenses set forth in Paragraphs 81 through 82? 13 A. I think I — I think I've said them 14 all. 15 MR. MORRIS: Okay. It is 2:13 16 Eastern time. Let's just take a short 17 half-hour lunch break, and let's return at 18 2:45, or 1:45 Central. 19 VIDEOGRAPHER: Off the record, 1:13. 20 (Recess taken 1:13 p.m. to 1:48 p.m.)	Page 398	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	A. Yes. Q. Okay. Did you speak with anybody during the break about the substance of this deposition? A. No. Q. You entered into certain oral agreements with your sister concerning some of the notes at issue in these lawsuits. Do I have that right? MS. DEITSCH-PEREZ: Object to the form. A. Can you rephrase or repeat, please? Q. Sure. You entered into certain oral agreements with your sister concerning certain of the notes at issue in these lawsuits. Do I have that right? MS. DEITSCH-PEREZ: Object – A. Yes.	Page 399
2 correct? 3 A. I think he was very much viewing his 4 responsibilities as Highland related and as an 5 employee of Highland. But yes, based on that 6 incumbency certificate, but that is your — 7 your question to ask Frank if he was taking 8 that seriously, but NexPoint was relying on 9 Highland. 10 Q. Do you have any other facts that you 11 are aware of that relate to the affirmative 12 defenses set forth in Paragraphs 81 through 82? 13 A. I think I — I think I've said them 14 all. 15 MR. MORRIS: Okay. It is 2:13 16 Eastern time. Let's just take a short 17 half-hour lunch break, and let's return at 18 2:45, or 1:45 Central. 19 VIDEOGRAPHER: Off the record, 1:13. 20 (Recess taken 1:13 p.m. to 1:48 p.m.) 21 VIDEOGRAPHER: Back on the record,	Page 398	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	A. Yes. Q. Okay. Did you speak with anybody during the break about the substance of this deposition? A. No. Q. You entered into certain oral agreements with your sister concerning some of the notes at issue in these lawsuits. Do I have that right? MS. DEITSCH-PEREZ: Object to the form. A. Can you rephrase or repeat, please? Q. Sure. You entered into certain oral agreements with your sister concerning certain of the notes at issue in these lawsuits. Do I have that right? MS. DEITSCH-PEREZ: Object — A. Yes. MS. DEITSCH-PEREZ: Object to the	Page 399
2 correct? 3 A. I think he was very much viewing his 4 responsibilities as Highland related and as an 5 employee of Highland. But yes, based on that 6 incumbency certificate, but that is your – 7 your question to ask Frank if he was taking 8 that seriously, but NexPoint was relying on 9 Highland. 10 Q. Do you have any other facts that you 11 are aware of that relate to the affirmative 12 defenses set forth in Paragraphs 81 through 82? 13 A. I think I – I think I've said them 14 all. 15 MR. MORRIS: Okay. It is 2:13 16 Eastern time. Let's just take a short 17 half-hour lunch break, and let's return at 18 2:45, or 1:45 Central. 19 VIDEOGRAPHER: Off the record, 1:13. 20 (Recess taken 1:13 p.m. to 1:48 p.m.) 21 VIDEOGRAPHER: Back on the record, 22 1:48.	Page 398	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	A. Yes. Q. Okay. Did you speak with anybody during the break about the substance of this deposition? A. No. Q. You entered into certain oral agreements with your sister concerning some of the notes at issue in these lawsuits. Do I have that right? MS. DEITSCH-PEREZ: Object to the form. A. Can you rephrase or repeat, please? Q. Sure. You entered into certain oral agreements with your sister concerning certain of the notes at issue in these lawsuits. Do I have that right? MS. DEITSCH-PEREZ: Object — A. Yes. MS. DEITSCH-PEREZ: Object to the form. And I'm going to object — object	Page 399
2 correct? 3 A. I think he was very much viewing his 4 responsibilities as Highland related and as an 5 employee of Highland. But yes, based on that 6 incumbency certificate, but that is your — 7 your question to ask Frank if he was taking 8 that seriously, but NexPoint was relying on 9 Highland. 10 Q. Do you have any other facts that you 11 are aware of that relate to the affirmative 12 defenses set forth in Paragraphs 81 through 82? 13 A. I think I — I think I've said them 14 all. 15 MR. MORRIS: Okay. It is 2:13 16 Eastern time. Let's just take a short 17 half-hour lunch break, and let's return at 18 2:45, or 1:45 Central. 19 VIDEOGRAPHER: Off the record, 1:13. 20 (Recess taken 1:13 p.m. to 1:48 p.m.) 21 VIDEOGRAPHER: Back on the record, 22 1:48. 23 Q. Mr. Dondero, are you comfortable?	Page 398	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	A. Yes. Q. Okay. Did you speak with anybody during the break about the substance of this deposition? A. No. Q. You entered into certain oral agreements with your sister concerning some of the notes at issue in these lawsuits. Do I have that right? MS. DEITSCH-PEREZ: Object to the form. A. Can you rephrase or repeat, please? Q. Sure. You entered into certain oral agreements with your sister concerning certain of the notes at issue in these lawsuits. Do I have that right? MS. DEITSCH-PEREZ: Object — A. Yes. MS. DEITSCH-PEREZ: Object to the form. And I'm going to object — object every time because it just — just so it is	Page 399

Page 40 1 DONDERO - 10/29/21	1 DONDERO - 10/29/21	Page 401
2 A. Okay.	2 A. Yes.	
3 MS. DEITSCH-PEREZ: But I don't want	3 Q. Okay. Let's discuss the purpose of	
4 to disrupt the deposition, so I'm just		
· · · · · · · · · · · · · · · · · · ·	9	
5 telling you why I'm doing it and he can	5 MR. MORRIS: Can we put back up on	
6 continue to answer thereafter. That is why	6 the screen Mr. Dondero's answer.	
7 I'm doing it.	7 Q. And while we're doing that,	
8 Q. Okay. Can we – can we agree,	8 Mr. Dondero, can you confirm that your sister	
9 Mr. Dondero, when I refer to your sister in the	9 is the only trustee of the Dugaboy Investment	
10 context of oral agreements that she was	10 Trust?	
11 entering into those agreements with you as a	11 MS. DEITSCH-PEREZ: Object to the	
12 representative of Dugaboy – as Dugaboy	12 form.	
13 trustee, as representative for a majority of	13 A. For what period of time are we	
14 the class A interest holders of Highland?	14 talking about?	
15 A. Yeah. How about just to make it	15 Q. During the period of time at which	
16 simple let's just call it the Dugaboy trustee,	16 you entered into the oral agreements with the	
17 and everybody will know that it is my sister	17 Dugaboy trustee.	
18 and everybody will know that it is the majority	18 MS. DEITSCH-PEREZ: Object to the	
19 of the class A unit holders.	19 form.	
20 Q. Okay. Okay. I appreciate that and	20 A. Yeah, I believe she has been the	
21 I will do just that.	21 trustee since 2015 and remains so today. I	
,		
22 You entered into certain oral	22 don't have an awareness of – I don't have an	
23 agreements with the Dugaboy trustee concerning	23 awareness of another functional trustee.	
24 certain of the notes at issue in these	24 So some of these – sometimes	
25 lawsuits; is that right?	25 complex trusts have other layers that are	
Page 40		Page 403
1 DONDERO - 10/29/21	1 DONDERO - 10/29/21	Page 403
1 DONDERO - 10/29/21 2 called trustees but they're not trustees per		Page 403
1 DONDERO - 10/29/21	1 DONDERO - 10/29/21	Page 403
1 DONDERO - 10/29/21 2 called trustees but they're not trustees per	1 DONDERO - 10/29/21 2 Q. Okay.	Page 403
1 DONDERO - 10/29/21 2 called trustees but they're not trustees per 3 se. But I think I'm over thinking it. But I'm	 DONDERO - 10/29/21 Q. Okay. MR. MORRIS: Can we go to 	Page 403
1 DONDERO - 10/29/21 2 called trustees but they're not trustees per 3 se. But I think I'm over thinking it. But I'm 4 not aware of anybody I've interacted with,	 DONDERO - 10/29/21 Q. Okay. MR. MORRIS: Can we go to Paragraph 82, please. 	Page 403
1 DONDERO - 10/29/21 2 called trustees but they're not trustees per 3 se. But I think I'm over thinking it. But I'm 4 not aware of anybody I've interacted with, 5 other than her, as trustee with regard to the 6 notes.	 DONDERO - 10/29/21 Q. Okay. MR. MORRIS: Can we go to Paragraph 82, please. Q. Is it your understanding that Paragraph 82 describes, among other things, in 	Page 403
1 DONDERO - 10/29/21 2 called trustees but they're not trustees per 3 se. But I think I'm over thinking it. But I'm 4 not aware of anybody I've interacted with, 5 other than her, as trustee with regard to the 6 notes. 7 Q. Okay. So up on the screen we	 DONDERO - 10/29/21 Q. Okay. MR. MORRIS: Can we go to Paragraph 82, please. Q. Is it your understanding that Paragraph 82 describes, among other things, in general terms your oral agreements with – 	Page 403
1 DONDERO - 10/29/21 2 called trustees but they're not trustees per 3 se. But I think I'm over thinking it. But I'm 4 not aware of anybody I've interacted with, 5 other than her, as trustee with regard to the 6 notes. 7 Q. Okay. So up on the screen we 8 have – no, that is the wrong document.	1 DONDERO - 10/29/21 2 Q. Okay. 3 MR. MORRIS: Can we go to 4 Paragraph 82, please. 5 Q. Is it your understanding that 6 Paragraph 82 describes, among other things, in 7 general terms your oral agreements with – 8 between you and the Dugaboy trustee?	Page 403
1 DONDERO - 10/29/21 2 called trustees but they're not trustees per 3 se. But I think I'm over thinking it. But I'm 4 not aware of anybody I've interacted with, 5 other than her, as trustee with regard to the 6 notes. 7 Q. Okay. So up on the screen we 8 have – no, that is the wrong document. 9 MR. MORRIS: We need Exhibit 31,	1 DONDERO - 10/29/21 2 Q. Okay. 3 MR. MORRIS: Can we go to 4 Paragraph 82, please. 5 Q. Is it your understanding that 6 Paragraph 82 describes, among other things, in 7 general terms your oral agreements with – 8 between you and the Dugaboy trustee? 9 A. Yes.	Page 403
1 DONDERO - 10/29/21 2 called trustees but they're not trustees per 3 se. But I think I'm over thinking it. But I'm 4 not aware of anybody I've interacted with, 5 other than her, as trustee with regard to the 6 notes. 7 Q. Okay. So up on the screen we 8 have – no, that is the wrong document. 9 MR. MORRIS: We need Exhibit 31, 10 please.	1 DONDERO - 10/29/21 2 Q. Okay. 3 MR. MORRIS: Can we go to 4 Paragraph 82, please. 5 Q. Is it your understanding that 6 Paragraph 82 describes, among other things, in 7 general terms your oral agreements with – 8 between you and the Dugaboy trustee? 9 A. Yes. 10 Q. Is it your position that the oral	Page 403
1 DONDERO - 10/29/21 2 called trustees but they're not trustees per 3 se. But I think I'm over thinking it. But I'm 4 not aware of anybody I've interacted with, 5 other than her, as trustee with regard to the 6 notes. 7 Q. Okay. So up on the screen we 8 have – no, that is the wrong document. 9 MR. MORRIS: We need Exhibit 31, 10 please. 11 Yeah, there you go. That one.	1 DONDERO - 10/29/21 2 Q. Okay. 3 MR. MORRIS: Can we go to 4 Paragraph 82, please. 5 Q. Is it your understanding that 6 Paragraph 82 describes, among other things, in 7 general terms your oral agreements with – 8 between you and the Dugaboy trustee? 9 A. Yes. 10 Q. Is it your position that the oral 11 agreements that you entered into with your	Page 403
1 DONDERO - 10/29/21 2 called trustees but they're not trustees per 3 se. But I think I'm over thinking it. But I'm 4 not aware of anybody I've interacted with, 5 other than her, as trustee with regard to the 6 notes. 7 Q. Okay. So up on the screen we 8 have – no, that is the wrong document. 9 MR. MORRIS: We need Exhibit 31, 10 please. 11 Yeah, there you go. That one. 12 Perfect. Okay.	1 DONDERO - 10/29/21 2 Q. Okay. 3 MR. MORRIS: Can we go to 4 Paragraph 82, please. 5 Q. Is it your understanding that 6 Paragraph 82 describes, among other things, in 7 general terms your oral agreements with – 8 between you and the Dugaboy trustee? 9 A. Yes. 10 Q. Is it your position that the oral 11 agreements that you entered into with your 12 sister – withdrawn.	Page 403
1 DONDERO - 10/29/21 2 called trustees but they're not trustees per 3 se. But I think I'm over thinking it. But I'm 4 not aware of anybody I've interacted with, 5 other than her, as trustee with regard to the 6 notes. 7 Q. Okay. So up on the screen we 8 have – no, that is the wrong document. 9 MR. MORRIS: We need Exhibit 31, 10 please. 11 Yeah, there you go. That one. 12 Perfect. Okay. 13 MS. DEITSCH-PEREZ: 31 is not – oh,	1 DONDERO - 10/29/21 2 Q. Okay. 3 MR. MORRIS: Can we go to 4 Paragraph 82, please. 5 Q. Is it your understanding that 6 Paragraph 82 describes, among other things, in 7 general terms your oral agreements with – 8 between you and the Dugaboy trustee? 9 A. Yes. 10 Q. Is it your position that the oral 11 agreements that you entered into with your 12 sister – withdrawn. 13 Is it your contention that the oral	Page 403
1 DONDERO - 10/29/21 2 called trustees but they're not trustees per 3 se. But I think I'm over thinking it. But I'm 4 not aware of anybody I've interacted with, 5 other than her, as trustee with regard to the 6 notes. 7 Q. Okay. So up on the screen we 8 have – no, that is the wrong document. 9 MR. MORRIS: We need Exhibit 31, 10 please. 11 Yeah, there you go. That one. 12 Perfect. Okay. 13 MS. DEITSCH-PEREZ: 31 is not – oh, 14 is that the '03 answer?	1 DONDERO - 10/29/21 2 Q. Okay. 3 MR. MORRIS: Can we go to 4 Paragraph 82, please. 5 Q. Is it your understanding that 6 Paragraph 82 describes, among other things, in 7 general terms your oral agreements with – 8 between you and the Dugaboy trustee? 9 A. Yes. 10 Q. Is it your position that the oral 11 agreements that you entered into with your 12 sister – withdrawn. 13 Is it your contention that the Dugaboy	Page 403
1 DONDERO - 10/29/21 2 called trustees but they're not trustees per 3 se. But I think I'm over thinking it. But I'm 4 not aware of anybody I've interacted with, 5 other than her, as trustee with regard to the 6 notes. 7 Q. Okay. So up on the screen we 8 have – no, that is the wrong document. 9 MR. MORRIS: We need Exhibit 31, 10 please. 11 Yeah, there you go. That one. 12 Perfect. Okay. 13 MS. DEITSCH-PEREZ: 31 is not – oh, 14 is that the '03 answer'? 15 MR. MORRIS: Correct, that is	DONDERO - 10/29/21 Q. Okay. MR. MORRIS: Can we go to Paragraph 82, please. Q. Is it your understanding that Paragraph 82 describes, among other things, in general terms your oral agreements with — between you and the Dugaboy trustee? A. Yes. Q. Is it your position that the oral agreements that you entered into with your sister — withdrawn. Is it your contention that the oral agreements you entered into with the Dugaboy trustee applied to each of the notes that were	Page 403
1 DONDERO - 10/29/21 2 called trustees but they're not trustees per 3 se. But I think I'm over thinking it. But I'm 4 not aware of anybody I've interacted with, 5 other than her, as trustee with regard to the 6 notes. 7 Q. Okay. So up on the screen we 8 have — no, that is the wrong document. 9 MR. MORRIS: We need Exhibit 31, 10 please. 11 Yeah, there you go. That one. 12 Perfect. Okay. 13 MS. DEITSCH-PEREZ: 31 is not — oh, 14 is that the '03 answer? 15 MR. MORRIS: Correct, that is 16 Mr. Dondero's answer.	DONDERO - 10/29/21 Q. Okay. MR. MORRIS: Can we go to Paragraph 82, please. Q. Is it your understanding that Paragraph 82 describes, among other things, in general terms your oral agreements with – between you and the Dugaboy trustee? A. Yes. Q. Is it your position that the oral agreements that you entered into with your sister – withdrawn. Is it your contention that the oral agreements you entered into with the Dugaboy trustee applied to each of the notes that were executed by NexPoint and that are the subject	Page 403
1 DONDERO - 10/29/21 2 called trustees but they're not trustees per 3 se. But I think I'm over thinking it. But I'm 4 not aware of anybody I've interacted with, 5 other than her, as trustee with regard to the 6 notes. 7 Q. Okay. So up on the screen we 8 have – no, that is the wrong document. 9 MR. MORRIS: We need Exhibit 31, 10 please. 11 Yeah, there you go. That one. 12 Perfect. Okay. 13 MS. DEITSCH-PEREZ: 31 is not – oh, 14 is that the '03 answer? 15 MR. MORRIS: Correct, that is 16 Mr. Dondero's answer. 17 Q. Do you see that, sir, on the screen?	DONDERO - 10/29/21 Q. Okay. MR. MORRIS: Can we go to Paragraph 82, please. Q. Is it your understanding that Paragraph 82 describes, among other things, in general terms your oral agreements with – between you and the Dugaboy trustee? A. Yes. Q. Is it your position that the oral agreements that you entered into with your sister – withdrawn. Is it your contention that the oral agreements you entered into with the Dugaboy trustee applied to each of the notes that were executed by NexPoint and that are the subject of Highland's lawsuit against NexPoint?	Page 403
1 DONDERO - 10/29/21 2 called trustees but they're not trustees per 3 se. But I think I'm over thinking it. But I'm 4 not aware of anybody I've interacted with, 5 other than her, as trustee with regard to the 6 notes. 7 Q. Okay. So up on the screen we 8 have – no, that is the wrong document. 9 MR. MORRIS: We need Exhibit 31, 10 please. 11 Yeah, there you go. That one. 12 Perfect. Okay. 13 MS. DEITSCH-PEREZ: 31 is not – oh, 14 is that the '03 answer? 15 MR. MORRIS: Correct, that is 16 Mr. Dondero's answer. 17 Q. Do you see that, sir, on the screen? 18 MS. DEITSCH-PEREZ: Hang on. I'm	DONDERO - 10/29/21 Q. Okay. MR. MORRIS: Can we go to Paragraph 82, please. Q. Is it your understanding that Paragraph 82 describes, among other things, in general terms your oral agreements with – between you and the Dugaboy trustee? A. Yes. Q. Is it your position that the oral agreements that you entered into with your sister – withdrawn. Is it your contention that the oral agreements you entered into with the Dugaboy trustee applied to each of the notes that were executed by NexPoint and that are the subject of Highland's lawsuit against NexPoint? A. Yes.	Page 403
1 DONDERO - 10/29/21 2 called trustees but they're not trustees per 3 se. But I think I'm over thinking it. But I'm 4 not aware of anybody I've interacted with, 5 other than her, as trustee with regard to the 6 notes. 7 Q. Okay. So up on the screen we 8 have – no, that is the wrong document. 9 MR. MORRIS: We need Exhibit 31, 10 please. 11 Yeah, there you go. That one. 12 Perfect. Okay. 13 MS. DEITSCH-PEREZ: 31 is not – oh, 14 is that the '03 answer? 15 MR. MORRIS: Correct, that is 16 Mr. Dondero's answer. 17 Q. Do you see that, sir, on the screen? 18 MS. DEITSCH-PEREZ: Hang on. I'm 19 going to get it again.	DONDERO - 10/29/21 Q. Okay. MR. MORRIS: Can we go to Paragraph 82, please. Q. Is it your understanding that Paragraph 82 describes, among other things, in general terms your oral agreements with – between you and the Dugaboy trustee? A. Yes. Q. Is it your position that the oral agreements that you entered into with your sister – withdrawn. Is it your contention that the oral agreements you entered into with the Dugaboy trustee applied to each of the notes that were executed by NexPoint and that are the subject of Highland's lawsuit against NexPoint? A. Yes. Q. Is it your contention that the oral	Page 403
1 DONDERO - 10/29/21 2 called trustees but they're not trustees per 3 se. But I think I'm over thinking it. But I'm 4 not aware of anybody I've interacted with, 5 other than her, as trustee with regard to the 6 notes. 7 Q. Okay. So up on the screen we 8 have – no, that is the wrong document. 9 MR. MORRIS: We need Exhibit 31, 10 please. 11 Yeah, there you go. That one. 12 Perfect. Okay. 13 MS. DEITSCH-PEREZ: 31 is not – oh, 14 is that the '03 answer? 15 MR. MORRIS: Correct, that is 16 Mr. Dondero's answer. 17 Q. Do you see that, sir, on the screen? 18 MS. DEITSCH-PEREZ: Hang on. I'm 19 going to get it again. 20 Okay. If you want a hard copy, I	DONDERO - 10/29/21 Q. Okay. MR. MORRIS: Can we go to Paragraph 82, please. Q. Is it your understanding that Paragraph 82 describes, among other things, in general terms your oral agreements with – between you and the Dugaboy trustee? A. Yes. Q. Is it your position that the oral agreements that you entered into with your sister – withdrawn. Is it your contention that the oral agreements you entered into with the Dugaboy trustee applied to each of the notes that were executed by NexPoint and that are the subject of Highland's lawsuit against NexPoint? A. Yes. Q. Is it your contention that the oral agreements that were entered into with the	Page 403
1 DONDERO - 10/29/21 2 called trustees but they're not trustees per 3 se. But I think I'm over thinking it. But I'm 4 not aware of anybody I've interacted with, 5 other than her, as trustee with regard to the 6 notes. 7 Q. Okay. So up on the screen we 8 have – no, that is the wrong document. 9 MR. MORRIS: We need Exhibit 31, 10 please. 11 Yeah, there you go. That one. 12 Perfect. Okay. 13 MS. DEITSCH-PEREZ: 31 is not – oh, 14 is that the '03 answer? 15 MR. MORRIS: Correct, that is 16 Mr. Dondero's answer. 17 Q. Do you see that, sir, on the screen? 18 MS. DEITSCH-PEREZ: Hang on. I'm 19 going to get it again. 20 Okay. If you want a hard copy, I 21 have one here but he's got it up.	DONDERO - 10/29/21 Q. Okay. MR. MORRIS: Can we go to Paragraph 82, please. Q. Is it your understanding that Paragraph 82 describes, among other things, in general terms your oral agreements with — between you and the Dugaboy trustee? A. Yes. Q. Is it your position that the oral agreements that you entered into with your sister — withdrawn. Is it your contention that the oral agreements you entered into with the Dugaboy trustee applied to each of the notes that were executed by NexPoint and that are the subject of Highland's lawsuit against NexPoint? A. Yes. Q. Is it your contention that the oral agreements that were entered into with the Dugaboy trustee apply to the notes executed by	Page 403
1 DONDERO - 10/29/21 2 called trustees but they're not trustees per 3 se. But I think I'm over thinking it. But I'm 4 not aware of anybody I've interacted with, 5 other than her, as trustee with regard to the 6 notes. 7 Q. Okay. So up on the screen we 8 have – no, that is the wrong document. 9 MR. MORRIS: We need Exhibit 31, 10 please. 11 Yeah, there you go. That one. 12 Perfect. Okay. 13 MS. DEITSCH-PEREZ: 31 is not – oh, 14 is that the '03 answer? 15 MR. MORRIS: Correct, that is 16 Mr. Dondero's answer. 17 Q. Do you see that, sir, on the screen? 18 MS. DEITSCH-PEREZ: Hang on. I'm 19 going to get it again. 20 Okay. If you want a hard copy, I 21 have one here but he's got it up. 22 Q. Do you see on the screen,	DONDERO - 10/29/21 Q. Okay. MR. MORRIS: Can we go to Paragraph 82, please. Q. Is it your understanding that Paragraph 82 describes, among other things, in general terms your oral agreements with — between you and the Dugaboy trustee? A. Yes. Q. Is it your position that the oral agreements that you entered into with your sister — withdrawn. Is it your contention that the oral agreements you entered into with the Dugaboy trustee applied to each of the notes that were executed by NexPoint and that are the subject of Highland's lawsuit against NexPoint? A. Yes. Q. Is it your contention that the oral agreements that were entered into with the Dugaboy trustee apply to the notes executed by HCMS that are the subject of Highland's lawsuit	Page 403
DONDERO - 10/29/21 called trustees but they're not trustees per se. But I think I'm over thinking it. But I'm not aware of anybody I've interacted with, other than her, as trustee with regard to the notes. Q. Okay. So up on the screen we have – no, that is the wrong document. MR. MORRIS: We need Exhibit 31, please. Yeah, there you go. That one. Perfect. Okay. MS. DEITSCH-PEREZ: 31 is not – oh, is that the '03 answer? MR. MORRIS: Correct, that is Mr. Dondero's answer. Q. Do you see that, sir, on the screen? MS. DEITSCH-PEREZ: Hang on. I'm going to get it again. Okay. If you want a hard copy, I have one here but he's got it up. Q. Do you see on the screen, Mr. Dondero, marked as Exhibit 31 is your	DONDERO - 10/29/21 Q. Okay. MR. MORRIS: Can we go to Paragraph 82, please. Q. Is it your understanding that Paragraph 82 describes, among other things, in general terms your oral agreements with – between you and the Dugaboy trustee? A. Yes. Q. Is it your position that the oral agreements that you entered into with your sister – withdrawn. Is it your contention that the oral agreements you entered into with the Dugaboy trustee applied to each of the notes that were executed by NexPoint and that are the subject of Highland's lawsuit against NexPoint? A. Yes. Q. Is it your contention that the oral agreements that were entered into with the Dugaboy trustee apply to the notes executed by HCMS that are the subject of Highland's lawsuit against HCMS?	Page 403
2 called trustees but they're not trustees per 3 se. But I think I'm over thinking it. But I'm 4 not aware of anybody I've interacted with, 5 other than her, as trustee with regard to the 6 notes. 7 Q. Okay. So up on the screen we 8 have – no, that is the wrong document. 9 MR. MORRIS: We need Exhibit 31, 10 please. 11 Yeah, there you go. That one. 12 Perfect. Okay. 13 MS. DEITSCH-PEREZ: 31 is not – oh, 14 is that the '03 answer? 15 MR. MORRIS: Correct, that is 16 Mr. Dondero's answer. 17 Q. Do you see that, sir, on the screen? 18 MS. DEITSCH-PEREZ: Hang on. I'm 19 going to get it again. 20 Okay. If you want a hard copy, I 21 have one here but he's got it up. 22 Q. Do you see on the screen, 23 Mr. Dondero, marked as Exhibit 31 is your 24 answer to Highland's amended complaint?	DONDERO - 10/29/21 Q. Okay. MR. MORRIS: Can we go to Paragraph 82, please. Q. Is it your understanding that Paragraph 82 describes, among other things, in general terms your oral agreements with – between you and the Dugaboy trustee? A. Yes. Q. Is it your position that the oral agreements that you entered into with your sister – withdrawn. Is it your contention that the oral agreements you entered into with the Dugaboy trustee applied to each of the notes that were executed by NexPoint and that are the subject of Highland's lawsuit against NexPoint? A. Yes. Q. Is it your contention that the oral agreements that were entered into with the Dugaboy trustee apply to the notes executed by HCMS that are the subject of Highland's lawsuit against HCMS? A. Yes.	Page 403
DONDERO - 10/29/21 called trustees but they're not trustees per se. But I think I'm over thinking it. But I'm not aware of anybody I've interacted with, other than her, as trustee with regard to the notes. Q. Okay. So up on the screen we have – no, that is the wrong document. MR. MORRIS: We need Exhibit 31, please. Yeah, there you go. That one. Perfect. Okay. MS. DEITSCH-PEREZ: 31 is not – oh, is that the '03 answer? MR. MORRIS: Correct, that is Mr. Dondero's answer. Q. Do you see that, sir, on the screen? MS. DEITSCH-PEREZ: Hang on. I'm going to get it again. Okay. If you want a hard copy, I have one here but he's got it up. Q. Do you see on the screen, Mr. Dondero, marked as Exhibit 31 is your	DONDERO - 10/29/21 Q. Okay. MR. MORRIS: Can we go to Paragraph 82, please. Q. Is it your understanding that Paragraph 82 describes, among other things, in general terms your oral agreements with – between you and the Dugaboy trustee? A. Yes. Q. Is it your position that the oral agreements that you entered into with your sister – withdrawn. Is it your contention that the oral agreements you entered into with the Dugaboy trustee applied to each of the notes that were executed by NexPoint and that are the subject of Highland's lawsuit against NexPoint? A. Yes. Q. Is it your contention that the oral agreements that were entered into with the Dugaboy trustee apply to the notes executed by HCMS that are the subject of Highland's lawsuit against HCMS?	Page 403

1	Page 404			Page 405
1	DONDERO - 10/29/21	1	DONDERO - 10/29/21	3
2	agreements between you and the Dugaboy trustee	2	withdrawn.	
3	apply to the notes that were executed by HCRE	3	Is that the purpose of the agreement	
4	that are the subject of the lawsuit that	4	that you entered into with the Dugaboy trustee	
5	Highland has commenced against HCRE?	5	concerning the notes at issue in the lawsuits	
6	A. Yes.	6	that were commenced against you personally?	
7	Q. Okay. Do I understand correctly	7	Withdrawn. That was a bad question.	
8	that your oral agreements with your sister do	8	Does that purpose apply only to the	
9	not apply to the notes that were executed on	9	notes that you executed or does it apply to the	
10	behalf of HCMFA that are the subject of the	10	corporate notes as well?	
11	lawsuit that Highland commenced against HCMFA?	11	MS. DEITSCH-PEREZ: Object to the	
12	A. Correct.	12	form.	
13	Q. Okay. I appreciate that.	13	Other than HCMFA?	
14	Do you see in this paragraph towards	14	MR. MORRIS: Correct. I think we've	
15	the middle it says, quote: The purpose of this	15	established the scope of the agreements.	
16	agreement was to provide compensation to	16	A. To give a complete answer, from my	
17	defendant, James Dondero, who was otherwise	17	perspective it is about 50 million of notes	
18	underpaid, compared to reasonable compensation	18	between - current balance between NexPoint,	
19	levels in the industry through the use of	19	Services, myself, and HCRE.	
20	forgivable loans, a practice that was standard	20	Q. And HCMS; right?	
21	at HCMLP in the industry.	21	A. Yes, Services, Highland Capital	
22	Have I read that correctly?	22	Management, yes.	
23	A. Yes.	23	Q. Okay. So I just want to know, that	
24	Q. Is that the purpose of the agreement	24	sentence there concerning the purpose was	
25	that you entered into with your sister –	25	omitted from the answers of NexPoint, HCMS,	
	Page 406			Page 407
1	Page 406 DONDERO - 10/29/21	1	DONDERO - 10/29/21	Page 407
1 2		1 2	DONDERO - 10/29/21 say that you don't know why that statement of	Page 407
١.	DONDERO - 10/29/21	_		Page 407
2	DONDERO - 10/29/21 HCRE.	2	say that you don't know why that statement of	Page 407
2 3	DONDERO - 10/29/21 HCRE. And I'm happy to walk you through to	2 3	say that you don't know why that statement of purpose was omitted from the corporate	Page 407
2 3	DONDERO - 10/29/21 HCRE. And I'm happy to walk you through to show you. And I just want to know in your	2 3 4	say that you don't know why that statement of purpose was omitted from the corporate entities' answers?	Page 407
2 3 4 5	DONDERO - 10/29/21 HCRE. And I'm happy to walk you through to show you. And I just want to know in your capacity as a 30(b)(6) witness for those	2 3 4 5	say that you don't know why that statement of purpose was omitted from the corporate entities' answers? A. Yeah, I don't know why it is omitted	Page 407
2 3 4 5 6	DONDERO - 10/29/21 HCRE. And I'm happy to walk you through to show you. And I just want to know in your capacity as a 30(b)(6) witness for those entities, if you know why that statement of	2 3 4 5 6	say that you don't know why that statement of purpose was omitted from the corporate entities' answers? A. Yeah, I don't know why it is omitted or why the complaints aren't consistent with	Page 407
2 3 4 5 6 7	DONDERO - 10/29/21 HCRE. And I'm happy to walk you through to show you. And I just want to know in your capacity as a 30(b)(6) witness for those entities, if you know why that statement of purpose was omitted.	2 3 4 5 6 7	say that you don't know why that statement of purpose was omitted from the corporate entities' answers? A. Yeah, I don't know why it is omitted or why the complaints aren't consistent with that regard.	Page 407
2 3 4 5 6 7 8	DONDERO - 10/29/21 HCRE. And I'm happy to walk you through to show you. And I just want to know in your capacity as a 30(b)(6) witness for those entities, if you know why that statement of purpose was omitted. A. Well, we talked about it earlier. I	2 3 4 5 6 7 8	say that you don't know why that statement of purpose was omitted from the corporate entities' answers? A. Yeah, I don't know why it is omitted or why the complaints aren't consistent with that regard. Q. Okay. But it is your – it is your	Page 407
2 3 4 5 6 7 8 9	DONDERO - 10/29/21 HCRE. And I'm happy to walk you through to show you. And I just want to know in your capacity as a 30(b)(6) witness for those entities, if you know why that statement of purpose was omitted. A. Well, we talked about it earlier. I think there is some cleanup. There has been	2 3 4 5 6 7 8 9	say that you don't know why that statement of purpose was omitted from the corporate entities' answers? A. Yeah, I don't know why it is omitted or why the complaints aren't consistent with that regard. Q. Okay. But it is your – it is your position as the purpose – as one of the people	Page 407
2 3 4 5 6 7 8 9	DONDERO - 10/29/21 HCRE. And I'm happy to walk you through to show you. And I just want to know in your capacity as a 30(b)(6) witness for those entities, if you know why that statement of purpose was omitted. A. Well, we talked about it earlier. I think there is some cleanup. There has been multiple lawyers involved. We didn't know	2 3 4 5 6 7 8 9	say that you don't know why that statement of purpose was omitted from the corporate entities' answers? A. Yeah, I don't know why it is omitted or why the complaints aren't consistent with that regard. Q. Okay. But it is your – it is your position as the purpose – as one of the people who entered into this oral agreement that the	Page 407
2 3 4 5 6 7 8 9 10	DONDERO - 10/29/21 HCRE. And I'm happy to walk you through to show you. And I just want to know in your capacity as a 30(b)(6) witness for those entities, if you know why that statement of purpose was omitted. A. Well, we talked about it earlier. I think there is some cleanup. There has been multiple lawyers involved. We didn't know which loans were prepaid, which loans weren't.	2 3 4 5 6 7 8 9 10	say that you don't know why that statement of purpose was omitted from the corporate entities' answers? A. Yeah, I don't know why it is omitted or why the complaints aren't consistent with that regard. Q. Okay. But it is your – it is your position as the purpose – as one of the people who entered into this oral agreement that the purpose for the – for the condition subsequent	Page 407
2 3 4 5 6 7 8 9 10 11 12	DONDERO - 10/29/21 HCRE. And I'm happy to walk you through to show you. And I just want to know in your capacity as a 30(b)(6) witness for those entities, if you know why that statement of purpose was omitted. A. Well, we talked about it earlier. I think there is some cleanup. There has been multiple lawyers involved. We didn't know which loans were prepaid, which loans weren't. But, you know, I don't know why it was omitted	2 3 4 5 6 7 8 9 10 11 12	say that you don't know why that statement of purpose was omitted from the corporate entities' answers? A. Yeah, I don't know why it is omitted or why the complaints aren't consistent with that regard. Q. Okay. But it is your – it is your position as the purpose – as one of the people who entered into this oral agreement that the purpose for the – for the condition subsequent agreement is the same as for the corporate	Page 407
2 3 4 5 6 7 8 9 10 11 12 13	DONDERO - 10/29/21 HCRE. And I'm happy to walk you through to show you. And I just want to know in your capacity as a 30(b)(6) witness for those entities, if you know why that statement of purpose was omitted. A. Well, we talked about it earlier. I think there is some cleanup. There has been multiple lawyers involved. We didn't know which loans were prepaid, which loans weren't. But, you know, I don't know why it was omitted but it applies to all of them.	2 3 4 5 6 7 8 9 10 11 12 13	say that you don't know why that statement of purpose was omitted from the corporate entities' answers? A. Yeah, I don't know why it is omitted or why the complaints aren't consistent with that regard. Q. Okay. But it is your – it is your position as the purpose – as one of the people who entered into this oral agreement that the purpose for the – for the condition subsequent agreement is the same as for the corporate entities as it is for you, as stated in this	Page 407
2 3 4 5 6 7 8 9 10 11 12 13 14	DONDERO - 10/29/21 HCRE. And I'm happy to walk you through to show you. And I just want to know in your capacity as a 30(b)(6) witness for those entities, if you know why that statement of purpose was omitted. A. Well, we talked about it earlier. I think there is some cleanup. There has been multiple lawyers involved. We didn't know which loans were prepaid, which loans weren't. But, you know, I don't know why it was omitted but it applies to all of them. MS. DEITSCH-PEREZ: I think that is	2 3 4 5 6 7 8 9 10 11 12 13	say that you don't know why that statement of purpose was omitted from the corporate entities' answers? A. Yeah, I don't know why it is omitted or why the complaints aren't consistent with that regard. Q. Okay. But it is your – it is your position as the purpose – as one of the people who entered into this oral agreement that the purpose for the – for the condition subsequent agreement is the same as for the corporate entities as it is for you, as stated in this paragraph; is that right?	Page 407
2 3 4 5 6 7 8 9 10 11 12 13 14 15	DONDERO - 10/29/21 HCRE. And I'm happy to walk you through to show you. And I just want to know in your capacity as a 30(b)(6) witness for those entities, if you know why that statement of purpose was omitted. A. Well, we talked about it earlier. I think there is some cleanup. There has been multiple lawyers involved. We didn't know which loans were prepaid, which loans weren't. But, you know, I don't know why it was omitted but it applies to all of them. MS. DEITSCH-PEREZ: I think that is the first time that I've noticed that. So,	2 3 4 5 6 7 8 9 10 11 12 13 14 15	say that you don't know why that statement of purpose was omitted from the corporate entities' answers? A. Yeah, I don't know why it is omitted or why the complaints aren't consistent with that regard. Q. Okay. But it is your – it is your position as the purpose – as one of the people who entered into this oral agreement that the purpose for the – for the condition subsequent agreement is the same as for the corporate entities as it is for you, as stated in this paragraph; is that right? A. Yes.	Page 407
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	DONDERO - 10/29/21 HCRE. And I'm happy to walk you through to show you. And I just want to know in your capacity as a 30(b)(6) witness for those entities, if you know why that statement of purpose was omitted. A. Well, we talked about it earlier. I think there is some cleanup. There has been multiple lawyers involved. We didn't know which loans were prepaid, which loans weren't. But, you know, I don't know why it was omitted but it applies to all of them. MS. DEITSCH-PEREZ: I think that is the first time that I've noticed that. So, John, I'm going to take a mea culpa. I	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	say that you don't know why that statement of purpose was omitted from the corporate entities' answers? A. Yeah, I don't know why it is omitted or why the complaints aren't consistent with that regard. Q. Okay. But it is your – it is your position as the purpose – as one of the people who entered into this oral agreement that the purpose for the – for the condition subsequent agreement is the same as for the corporate entities as it is for you, as stated in this paragraph; is that right? A. Yes. Q. Okay. We talked a little bit about	Page 407
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	DONDERO - 10/29/21 HCRE. And I'm happy to walk you through to show you. And I just want to know in your capacity as a 30(b)(6) witness for those entities, if you know why that statement of purpose was omitted. A. Well, we talked about it earlier. I think there is some cleanup. There has been multiple lawyers involved. We didn't know which loans were prepaid, which loans weren't. But, you know, I don't know why it was omitted but it applies to all of them. MS. DEITSCH-PEREZ: I think that is the first time that I've noticed that. So, John, I'm going to take a mea culpa. I think that is a cut-and-paste error. MR. MORRIS: All right. Well, I	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	say that you don't know why that statement of purpose was omitted from the corporate entities' answers? A. Yeah, I don't know why it is omitted or why the complaints aren't consistent with that regard. Q. Okay. But it is your – it is your position as the purpose – as one of the people who entered into this oral agreement that the purpose for the – for the condition subsequent agreement is the same as for the corporate entities as it is for you, as stated in this paragraph; is that right? A. Yes. Q. Okay. We talked a little bit about the NexPoint term note.	Page 407
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	DONDERO - 10/29/21 HCRE. And I'm happy to walk you through to show you. And I just want to know in your capacity as a 30(b)(6) witness for those entities, if you know why that statement of purpose was omitted. A. Well, we talked about it earlier. I think there is some cleanup. There has been multiple lawyers involved. We didn't know which loans were prepaid, which loans weren't. But, you know, I don't know why it was omitted but it applies to all of them. MS. DEITSCH-PEREZ: I think that is the first time that I've noticed that. So, John, I'm going to take a mea culpa. I think that is a cut-and-paste error. MR. MORRIS: All right. Well, I will — I will just point out that the	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	say that you don't know why that statement of purpose was omitted from the corporate entities' answers? A. Yeah, I don't know why it is omitted or why the complaints aren't consistent with that regard. Q. Okay. But it is your – it is your position as the purpose – as one of the people who entered into this oral agreement that the purpose for the – for the condition subsequent agreement is the same as for the corporate entities as it is for you, as stated in this paragraph; is that right? A. Yes. Q. Okay. We talked a little bit about the NexPoint term note. Do you remember that? A. Yes.	Page 407
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	DONDERO - 10/29/21 HCRE. And I'm happy to walk you through to show you. And I just want to know in your capacity as a 30(b)(6) witness for those entities, if you know why that statement of purpose was omitted. A. Well, we talked about it earlier. I think there is some cleanup. There has been multiple lawyers involved. We didn't know which loans were prepaid, which loans weren't. But, you know, I don't know why it was omitted but it applies to all of them. MS. DEITSCH-PEREZ: I think that is the first time that I've noticed that. So, John, I'm going to take a mea culpa. I think that is a cut-and-paste error. MR. MORRIS: All right. Well, I will — I will just point out that the affirmative defense concerning the oral	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	say that you don't know why that statement of purpose was omitted from the corporate entities' answers? A. Yeah, I don't know why it is omitted or why the complaints aren't consistent with that regard. Q. Okay. But it is your – it is your position as the purpose – as one of the people who entered into this oral agreement that the purpose for the – for the condition subsequent agreement is the same as for the corporate entities as it is for you, as stated in this paragraph; is that right? A. Yes. Q. Okay. We talked a little bit about the NexPoint term note. Do you remember that? A. Yes. Q. And do you recall that in its	Page 407
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	DONDERO - 10/29/21 HCRE. And I'm happy to walk you through to show you. And I just want to know in your capacity as a 30(b)(6) witness for those entities, if you know why that statement of purpose was omitted. A. Well, we talked about it earlier. I think there is some cleanup. There has been multiple lawyers involved. We didn't know which loans were prepaid, which loans weren't. But, you know, I don't know why it was omitted but it applies to all of them. MS. DEITSCH-PEREZ: I think that is the first time that I've noticed that. So, John, I'm going to take a mea culpa. I think that is a cut-and-paste error. MR. MORRIS: All right. Well, I will – I will just point out that the affirmative defense concerning the oral agreements is the exact same in all four	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	say that you don't know why that statement of purpose was omitted from the corporate entities' answers? A. Yeah, I don't know why it is omitted or why the complaints aren't consistent with that regard. Q. Okay. But it is your – it is your position as the purpose – as one of the people who entered into this oral agreement that the purpose for the – for the condition subsequent agreement is the same as for the corporate entities as it is for you, as stated in this paragraph; is that right? A. Yes. Q. Okay. We talked a little bit about the NexPoint term note. Do you remember that? A. Yes. Q. And do you recall that in its original form the NexPoint term note was for a	Page 407
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	DONDERO - 10/29/21 HCRE. And I'm happy to walk you through to show you. And I just want to know in your capacity as a 30(b)(6) witness for those entities, if you know why that statement of purpose was omitted. A. Well, we talked about it earlier. I think there is some cleanup. There has been multiple lawyers involved. We didn't know which loans were prepaid, which loans weren't. But, you know, I don't know why it was omitted but it applies to all of them. MS. DEITSCH-PEREZ: I think that is the first time that I've noticed that. So, John, I'm going to take a mea culpa. I think that is a cut-and-paste error. MR. MORRIS: All right. Well, I will – I will just point out that the affirmative defense concerning the oral agreements is the exact same in all four answers, except for the omission of the	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	say that you don't know why that statement of purpose was omitted from the corporate entities' answers? A. Yeah, I don't know why it is omitted or why the complaints aren't consistent with that regard. Q. Okay. But it is your – it is your position as the purpose – as one of the people who entered into this oral agreement that the purpose for the – for the condition subsequent agreement is the same as for the corporate entities as it is for you, as stated in this paragraph; is that right? A. Yes. Q. Okay. We talked a little bit about the NexPoint term note. Do you remember that? A. Yes. Q. And do you recall that in its original form the NexPoint term note was for a principal amount of approximately \$30 million?	Page 407
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	DONDERO - 10/29/21 HCRE. And I'm happy to walk you through to show you. And I just want to know in your capacity as a 30(b)(6) witness for those entities, if you know why that statement of purpose was omitted. A. Well, we talked about it earlier. I think there is some cleanup. There has been multiple lawyers involved. We didn't know which loans were prepaid, which loans weren't. But, you know, I don't know why it was omitted but it applies to all of them. MS. DEITSCH-PEREZ: I think that is the first time that I've noticed that. So, John, I'm going to take a mea culpa. I think that is a cut-and-paste error. MR. MORRIS: All right. Well, I will – I will just point out that the affirmative defense concerning the oral agreements is the exact same in all four answers, except for the omission of the statement of purpose for the three	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	say that you don't know why that statement of purpose was omitted from the corporate entities' answers? A. Yeah, I don't know why it is omitted or why the complaints aren't consistent with that regard. Q. Okay. But it is your – it is your position as the purpose – as one of the people who entered into this oral agreement that the purpose for the – for the condition subsequent agreement is the same as for the corporate entities as it is for you, as stated in this paragraph; is that right? A. Yes. Q. Okay. We talked a little bit about the NexPoint term note. Do you remember that? A. Yes. Q. And do you recall that in its original form the NexPoint term note was for a principal amount of approximately \$30 million? A. Yes.	Page 407
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	DONDERO - 10/29/21 HCRE. And I'm happy to walk you through to show you. And I just want to know in your capacity as a 30(b)(6) witness for those entities, if you know why that statement of purpose was omitted. A. Well, we talked about it earlier. I think there is some cleanup. There has been multiple lawyers involved. We didn't know which loans were prepaid, which loans weren't. But, you know, I don't know why it was omitted but it applies to all of them. MS. DEITSCH-PEREZ: I think that is the first time that I've noticed that. So, John, I'm going to take a mea culpa. I think that is a cut-and-paste error. MR. MORRIS: All right. Well, I will – I will just point out that the affirmative defense concerning the oral agreements is the exact same in all four answers, except for the omission of the	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	say that you don't know why that statement of purpose was omitted from the corporate entities' answers? A. Yeah, I don't know why it is omitted or why the complaints aren't consistent with that regard. Q. Okay. But it is your – it is your position as the purpose – as one of the people who entered into this oral agreement that the purpose for the – for the condition subsequent agreement is the same as for the corporate entities as it is for you, as stated in this paragraph; is that right? A. Yes. Q. Okay. We talked a little bit about the NexPoint term note. Do you remember that? A. Yes. Q. And do you recall that in its original form the NexPoint term note was for a principal amount of approximately \$30 million?	Page 407

	Page 408			Page 409
1	DONDERO - 10/29/21	1	DONDERO - 10/29/21	1 aye 409
2	principal and interest then due on certain	2	Q. Do you know if you read the note	
3	promissory notes that had previously been given	3	before you signed it?	
4	by NexPoint to Highland?	4	A. Not likely.	
5	A. Yes.	5	Q. Do you recall whether there was	
6	Q. Okay.	6	anything about the note that you didn't	
7	MR. MORRIS: Can we put up, please,	7	understand before you signed it on behalf of	
8	Exhibit Number 2, which I believe is the	8	NexPoint?	
9	complaint against NexPoint.	9	MS. DEITSCH-PEREZ: Object to the	
10	(Exhibit 2 marked.)	10	form.	
11	MR. MORRIS: And if we can go to	11	A. Yeah, I'm not – I doubt I read it,	
12	Exhibit Number 1 of Deposition Exhibit	12	so I don't remember objecting to anything.	
13	Number 2.	13	Q. Okay. Looking at Paragraph 2.1, am	
14	Q. Okay. And do you see – I'm sorry,	14	I characterizing that section fairly when I say	
15	sir, do you see that Exhibit Number 1 to the	15	that the borrower was required to make an	
16	complaint is a promissory note dated May 31st,	16	annual installment payment at the end of each	
17	2017 in the approximate amount of	17	calendar year?	
18	\$30.75 million?	18	MS. DEITSCH-PEREZ: Object to the	
19	A. Yes.	19	form.	
20	Q. Okay. And is that your signature on	20	A. I see that paragraph, yes.	
21	page 2?	21	Q. Okay. And did you understand when	
22	A. Looks like it.	22	you signed it that an annual installment	
23	Q. Okay. And did you sign this note on	23	payment would be due at the end of each year by	
24	behalf of NexPoint on or around May 31st, 2017?	24	NexPoint?	
25	A. I assume so.	25	MS. DEITSCH-PEREZ: Object to the	
\vdash	Page 410			Page 411
1 4		1		r ago i i i
1	DONDERO - 10/29/21	1	DONDERO - 10/29/21	r ago TTT
2	DONDERO - 10/29/21 form.	1 2	correctly. I think it had something to do with	r ago 111
1	DONDERO - 10/29/21 form. A. I never read it that closely.	_	correctly. I think it had something to do with either the audit or the financials or if we had	r ago TTT
2	DONDERO - 10/29/21 form. A. I never read it that closely. Q. So as the control person of	2	correctly. I think it had something to do with either the audit or the financials or if we had a credit facility at the time. I think that is	r ago
3	DONDERO - 10/29/21 form. A. I never read it that closely. Q. So as the control person of NexPoint, is it fair to say then that you don't	2 3 4 5	correctly. I think it had something to do with either the audit or the financials or if we had a credit facility at the time. I think that is probably why, but I don't remember exactly.	. aga
3 4	DONDERO - 10/29/21 form. A. I never read it that closely. Q. So as the control person of NexPoint, is it fair to say then that you don't recall having an understanding when you signed	2 3 4	correctly. I think it had something to do with either the audit or the financials or if we had a credit facility at the time. I think that is probably why, but I don't remember exactly. Q. Do you have any other recollection	. ago
2 3 4 5	DONDERO - 10/29/21 form. A. I never read it that closely. Q. So as the control person of NexPoint, is it fair to say then that you don't recall having an understanding when you signed this note that NexPoint would be required to	2 3 4 5 6 7	correctly. I think it had something to do with either the audit or the financials or if we had a credit facility at the time. I think that is probably why, but I don't remember exactly. Q. Do you have any other recollection as to why all three notes were executed at the	. aga
2 3 4 5 6	pondero - 10/29/21 form. A. I never read it that closely. Q. So as the control person of NexPoint, is it fair to say then that you don't recall having an understanding when you signed this note that NexPoint would be required to make annual payments at the end of each year?	2 3 4 5 6 7 8	correctly. I think it had something to do with either the audit or the financials or if we had a credit facility at the time. I think that is probably why, but I don't remember exactly. Q. Do you have any other recollection as to why all three notes were executed at the end of May 2017?	. aga
2 3 4 5 6 7 8 9	pondero - 10/29/21 form. A. I never read it that closely. Q. So as the control person of NexPoint, is it fair to say then that you don't recall having an understanding when you signed this note that NexPoint would be required to make annual payments at the end of each year? MS. DEITSCH-PEREZ: Object to the	2 3 4 5 6 7 8 9	correctly. I think it had something to do with either the audit or the financials or if we had a credit facility at the time. I think that is probably why, but I don't remember exactly. Q. Do you have any other recollection as to why all three notes were executed at the end of May 2017? A. Again, I believe they're – the –	. ago
2 3 4 5 6 7 8 9 10	pondero - 10/29/21 form. A. I never read it that closely. Q. So as the control person of NexPoint, is it fair to say then that you don't recall having an understanding when you signed this note that NexPoint would be required to make annual payments at the end of each year? MS. DEITSCH-PEREZ: Object to the form.	2 3 4 5 6 7 8 9	correctly. I think it had something to do with either the audit or the financials or if we had a credit facility at the time. I think that is probably why, but I don't remember exactly. Q. Do you have any other recollection as to why all three notes were executed at the end of May 2017? A. Again, I believe they're – the – aggregating or solidifying them into one	. aga
2 3 4 5 6 7 8 9 10	pondero - 10/29/21 form. A. I never read it that closely. Q. So as the control person of NexPoint, is it fair to say then that you don't recall having an understanding when you signed this note that NexPoint would be required to make annual payments at the end of each year? MS. DEITSCH-PEREZ: Object to the form. A. I didn't have knowledge of the	2 3 4 5 6 7 8 9 10	correctly. I think it had something to do with either the audit or the financials or if we had a credit facility at the time. I think that is probably why, but I don't remember exactly. Q. Do you have any other recollection as to why all three notes were executed at the end of May 2017? A. Again, I believe they're – the – aggregating or solidifying them into one defined note I think was required by the	. aga
2 3 4 5 6 7 8 9 10 11 12	pondero - 10/29/21 form. A. I never read it that closely. Q. So as the control person of NexPoint, is it fair to say then that you don't recall having an understanding when you signed this note that NexPoint would be required to make annual payments at the end of each year? MS. DEITSCH-PEREZ: Object to the form. A. I didn't have knowledge of the specifics, and again, I would describe those	2 3 4 5 6 7 8 9 10 11 12	correctly. I think it had something to do with either the audit or the financials or if we had a credit facility at the time. I think that is probably why, but I don't remember exactly. Q. Do you have any other recollection as to why all three notes were executed at the end of May 2017? A. Again, I believe they're – the – aggregating or solidifying them into one defined note I think was required by the auditors or the – the accounting department as	
2 3 4 5 6 7 8 9 10 11 12 13	pondero - 10/29/21 form. A. I never read it that closely. Q. So as the control person of NexPoint, is it fair to say then that you don't recall having an understanding when you signed this note that NexPoint would be required to make annual payments at the end of each year? MS. DEITSCH-PEREZ: Object to the form. A. I didn't have knowledge of the specifics, and again, I would describe those specifics as de minimis.	2 3 4 5 6 7 8 9 10 11 12 13	correctly. I think it had something to do with either the audit or the financials or if we had a credit facility at the time. I think that is probably why, but I don't remember exactly. Q. Do you have any other recollection as to why all three notes were executed at the end of May 2017? A. Again, I believe they're – the – aggregating or solidifying them into one defined note I think was required by the auditors or the – the accounting department as best practices. I don't think – it wasn't a	. aga
2 3 4 5 6 7 8 9 10 11 12 13	pondero - 10/29/21 form. A. I never read it that closely. Q. So as the control person of NexPoint, is it fair to say then that you don't recall having an understanding when you signed this note that NexPoint would be required to make annual payments at the end of each year? MS. DEITSCH-PEREZ: Object to the form. A. I didn't have knowledge of the specifics, and again, I would describe those specifics as de minimis. Q. Okay. Do you see – do you have any	2 3 4 5 6 7 8 9 10 11 12 13 14	correctly. I think it had something to do with either the audit or the financials or if we had a credit facility at the time. I think that is probably why, but I don't remember exactly. Q. Do you have any other recollection as to why all three notes were executed at the end of May 2017? A. Again, I believe they're – the – aggregating or solidifying them into one defined note I think was required by the auditors or the – the accounting department as best practices. I don't think – it wasn't a regulatory reason and it wasn't a compliance	
2 3 4 5 6 7 8 9 10 11 12 13 14 15	form. A. I never read it that closely. Q. So as the control person of NexPoint, is it fair to say then that you don't recall having an understanding when you signed this note that NexPoint would be required to make annual payments at the end of each year? MS. DEITSCH-PEREZ: Object to the form. A. I didn't have knowledge of the specifics, and again, I would describe those specifics as de minimis. Q. Okay. Do you see – do you have any idea who drafted this note?	2 3 4 5 6 7 8 9 10 11 12 13 14 15	correctly. I think it had something to do with either the audit or the financials or if we had a credit facility at the time. I think that is probably why, but I don't remember exactly. Q. Do you have any other recollection as to why all three notes were executed at the end of May 2017? A. Again, I believe they're – the – aggregating or solidifying them into one defined note I think was required by the auditors or the – the accounting department as best practices. I don't think – it wasn't a regulatory reason and it wasn't a compliance reason. I believe it was just an accounting or	
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	form. A. I never read it that closely. Q. So as the control person of NexPoint, is it fair to say then that you don't recall having an understanding when you signed this note that NexPoint would be required to make annual payments at the end of each year? MS. DEITSCH-PEREZ: Object to the form. A. I didn't have knowledge of the specifics, and again, I would describe those specifics as de minimis. Q. Okay. Do you see – do you have any idea who drafted this note? A. It would have come from accounting.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	correctly. I think it had something to do with either the audit or the financials or if we had a credit facility at the time. I think that is probably why, but I don't remember exactly. Q. Do you have any other recollection as to why all three notes were executed at the end of May 2017? A. Again, I believe they're – the – aggregating or solidifying them into one defined note I think was required by the auditors or the – the accounting department as best practices. I don't think – it wasn't a regulatory reason and it wasn't a compliance reason. I believe it was just an accounting or an audit reason.	
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	form. A. I never read it that closely. Q. So as the control person of NexPoint, is it fair to say then that you don't recall having an understanding when you signed this note that NexPoint would be required to make annual payments at the end of each year? MS. DEITSCH-PEREZ: Object to the form. A. I didn't have knowledge of the specifics, and again, I would describe those specifics as de minimis. Q. Okay. Do you see – do you have any idea who drafted this note? A. It would have come from accounting. I think they have boilerplate – I don't know	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	correctly. I think it had something to do with either the audit or the financials or if we had a credit facility at the time. I think that is probably why, but I don't remember exactly. Q. Do you have any other recollection as to why all three notes were executed at the end of May 2017? A. Again, I believe they're – the – aggregating or solidifying them into one defined note I think was required by the auditors or the – the accounting department as best practices. I don't think – it wasn't a regulatory reason and it wasn't a compliance reason. I believe it was just an accounting or an audit reason. Q. Did you ever make sure on behalf of	
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	form. A. I never read it that closely. Q. So as the control person of NexPoint, is it fair to say then that you don't recall having an understanding when you signed this note that NexPoint would be required to make annual payments at the end of each year? MS. DEITSCH-PEREZ: Object to the form. A. I didn't have knowledge of the specifics, and again, I would describe those specifics as de minimis. Q. Okay. Do you see – do you have any idea who drafted this note? A. It would have come from accounting. I think they have boilerplate – I don't know if they work with legal at all. I have no	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	correctly. I think it had something to do with either the audit or the financials or if we had a credit facility at the time. I think that is probably why, but I don't remember exactly. Q. Do you have any other recollection as to why all three notes were executed at the end of May 2017? A. Again, I believe they're – the – aggregating or solidifying them into one defined note I think was required by the auditors or the – the accounting department as best practices. I don't think – it wasn't a regulatory reason and it wasn't a compliance reason. I believe it was just an accounting or an audit reason. Q. Did you ever make sure on behalf of NexPoint that the terms of the promissory note	
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	form. A. I never read it that closely. Q. So as the control person of NexPoint, is it fair to say then that you don't recall having an understanding when you signed this note that NexPoint would be required to make annual payments at the end of each year? MS. DEITSCH-PEREZ: Object to the form. A. I didn't have knowledge of the specifics, and again, I would describe those specifics as de minimis. Q. Okay. Do you see – do you have any idea who drafted this note? A. It would have come from accounting. I think they have boilerplate – I don't know if they work with legal at all. I have no idea, but it would have come through	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	correctly. I think it had something to do with either the audit or the financials or if we had a credit facility at the time. I think that is probably why, but I don't remember exactly. Q. Do you have any other recollection as to why all three notes were executed at the end of May 2017? A. Again, I believe they're – the – aggregating or solidifying them into one defined note I think was required by the auditors or the – the accounting department as best practices. I don't think – it wasn't a regulatory reason and it wasn't a compliance reason. I believe it was just an accounting or an audit reason. Q. Did you ever make sure on behalf of NexPoint that the terms of the promissory note were fair and reasonable?	
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	form. A. I never read it that closely. Q. So as the control person of NexPoint, is it fair to say then that you don't recall having an understanding when you signed this note that NexPoint would be required to make annual payments at the end of each year? MS. DEITSCH-PEREZ: Object to the form. A. I didn't have knowledge of the specifics, and again, I would describe those specifics as de minimis. Q. Okay. Do you see — do you have any idea who drafted this note? A. It would have come from accounting. I think they have boilerplate — I don't know if they work with legal at all. I have no idea, but it would have come through accounting.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	correctly. I think it had something to do with either the audit or the financials or if we had a credit facility at the time. I think that is probably why, but I don't remember exactly. Q. Do you have any other recollection as to why all three notes were executed at the end of May 2017? A. Again, I believe they're – the – aggregating or solidifying them into one defined note I think was required by the auditors or the – the accounting department as best practices. I don't think – it wasn't a regulatory reason and it wasn't a compliance reason. I believe it was just an accounting or an audit reason. Q. Did you ever make sure on behalf of NexPoint that the terms of the promissory note were fair and reasonable? MS. DEITSCH-PEREZ: Object to the	
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	form. A. I never read it that closely. Q. So as the control person of NexPoint, is it fair to say then that you don't recall having an understanding when you signed this note that NexPoint would be required to make annual payments at the end of each year? MS. DEITSCH-PEREZ: Object to the form. A. I didn't have knowledge of the specifics, and again, I would describe those specifics as de minimis. Q. Okay. Do you see – do you have any idea who drafted this note? A. It would have come from accounting. I think they have boilerplate – I don't know if they work with legal at all. I have no idea, but it would have come through accounting. Q. Do you recall that all three of the	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	correctly. I think it had something to do with either the audit or the financials or if we had a credit facility at the time. I think that is probably why, but I don't remember exactly. Q. Do you have any other recollection as to why all three notes were executed at the end of May 2017? A. Again, I believe they're – the – aggregating or solidifying them into one defined note I think was required by the auditors or the – the accounting department as best practices. I don't think – it wasn't a regulatory reason and it wasn't a compliance reason. I believe it was just an accounting or an audit reason. Q. Did you ever make sure on behalf of NexPoint that the terms of the promissory note were fair and reasonable? MS. DEITSCH-PEREZ: Object to the form.	
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	form. A. I never read it that closely. Q. So as the control person of NexPoint, is it fair to say then that you don't recall having an understanding when you signed this note that NexPoint would be required to make annual payments at the end of each year? MS. DEITSCH-PEREZ: Object to the form. A. I didn't have knowledge of the specifics, and again, I would describe those specifics as de minimis. Q. Okay. Do you see – do you have any idea who drafted this note? A. It would have come from accounting. I think they have boilerplate – I don't know if they work with legal at all. I have no idea, but it would have come through accounting. Q. Do you recall that all three of the term notes at issue were signed on the same	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	correctly. I think it had something to do with either the audit or the financials or if we had a credit facility at the time. I think that is probably why, but I don't remember exactly. Q. Do you have any other recollection as to why all three notes were executed at the end of May 2017? A. Again, I believe they're – the – aggregating or solidifying them into one defined note I think was required by the auditors or the – the accounting department as best practices. I don't think – it wasn't a regulatory reason and it wasn't a compliance reason. I believe it was just an accounting or an audit reason. Q. Did you ever make sure on behalf of NexPoint that the terms of the promissory note were fair and reasonable? MS. DEITSCH-PEREZ: Object to the form. A. Yeah, I don't remember ever	
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 20 21 22 23	form. A. I never read it that closely. Q. So as the control person of NexPoint, is it fair to say then that you don't recall having an understanding when you signed this note that NexPoint would be required to make annual payments at the end of each year? MS. DEITSCH-PEREZ: Object to the form. A. I didn't have knowledge of the specifics, and again, I would describe those specifics as de minimis. Q. Okay. Do you see – do you have any idea who drafted this note? A. It would have come from accounting. I think they have boilerplate – I don't know if they work with legal at all. I have no idea, but it would have come through accounting. Q. Do you recall that all three of the term notes at issue were signed on the same day, May 31st, 2017?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	correctly. I think it had something to do with either the audit or the financials or if we had a credit facility at the time. I think that is probably why, but I don't remember exactly. Q. Do you have any other recollection as to why all three notes were executed at the end of May 2017? A. Again, I believe they're – the – aggregating or solidifying them into one defined note I think was required by the auditors or the – the accounting department as best practices. I don't think – it wasn't a regulatory reason and it wasn't a compliance reason. I believe it was just an accounting or an audit reason. Q. Did you ever make sure on behalf of NexPoint that the terms of the promissory note were fair and reasonable? MS. DEITSCH-PEREZ: Object to the form. A. Yeah, I don't remember ever negotiating or reading it that closely. And	
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	form. A. I never read it that closely. Q. So as the control person of NexPoint, is it fair to say then that you don't recall having an understanding when you signed this note that NexPoint would be required to make annual payments at the end of each year? MS. DEITSCH-PEREZ: Object to the form. A. I didn't have knowledge of the specifics, and again, I would describe those specifics as de minimis. Q. Okay. Do you see – do you have any idea who drafted this note? A. It would have come from accounting. I think they have boilerplate – I don't know if they work with legal at all. I have no idea, but it would have come through accounting. Q. Do you recall that all three of the term notes at issue were signed on the same day, May 31st, 2017? A. That doesn't surprise me. I think	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	correctly. I think it had something to do with either the audit or the financials or if we had a credit facility at the time. I think that is probably why, but I don't remember exactly. Q. Do you have any other recollection as to why all three notes were executed at the end of May 2017? A. Again, I believe they're – the – aggregating or solidifying them into one defined note I think was required by the auditors or the – the accounting department as best practices. I don't think – it wasn't a regulatory reason and it wasn't a compliance reason. I believe it was just an accounting or an audit reason. Q. Did you ever make sure on behalf of NexPoint that the terms of the promissory note were fair and reasonable? MS. DEITSCH-PEREZ: Object to the form. A. Yeah, I don't remember ever negotiating or reading it that closely. And again, I think the view from all concerned is	
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 20 21 22 23	form. A. I never read it that closely. Q. So as the control person of NexPoint, is it fair to say then that you don't recall having an understanding when you signed this note that NexPoint would be required to make annual payments at the end of each year? MS. DEITSCH-PEREZ: Object to the form. A. I didn't have knowledge of the specifics, and again, I would describe those specifics as de minimis. Q. Okay. Do you see — do you have any idea who drafted this note? A. It would have come from accounting. I think they have boilerplate — I don't know if they work with legal at all. I have no idea, but it would have come through accounting. Q. Do you recall that all three of the term notes at issue were signed on the same day, May 31st, 2017? A. That doesn't surprise me. I think	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	correctly. I think it had something to do with either the audit or the financials or if we had a credit facility at the time. I think that is probably why, but I don't remember exactly. Q. Do you have any other recollection as to why all three notes were executed at the end of May 2017? A. Again, I believe they're – the – aggregating or solidifying them into one defined note I think was required by the auditors or the – the accounting department as best practices. I don't think – it wasn't a regulatory reason and it wasn't a compliance reason. I believe it was just an accounting or an audit reason. Q. Did you ever make sure on behalf of NexPoint that the terms of the promissory note were fair and reasonable? MS. DEITSCH-PEREZ: Object to the form. A. Yeah, I don't remember ever negotiating or reading it that closely. And	

Page 412		Page 413
1 DONDERO - 10/29/21	1 DONDERO - 10/29/21	. ago o
2 balance sheet at Highland then or now and/or de	2 before?	
3 minimis relevant to NexPoint's value.	3 A. No.	
4 Q. It is a \$30 million note. Do I have	4 Q. Do you think a prudent executive	
5 that right?	5 signing a \$30 million note should take the time	
6 A. Yes.	6 to read the terms and conditions of the note?	
7 Q. Okay. And it was material enough to	7 A. Not necessarily.	
8 be included in Highland's financial statements;	8 Q. Under what circumstances do you	
9 is that correct?	9 think that an executive shouldn't take the time	
10 A. Anything material or not as part of	10 to read the terms and conditions of a	
11 doing proper audited financials needs to be	11 \$30 million promissory note?	
12 properly included.	12 A. When it is between affiliates,	
13 Q. Okay. And you know, because you	13 between friendly affiliates with no even	
14 signed the management representation letter,	14 inkling that bankruptcy or the parties could be	
15 that this note was specifically disclosed to	15 at odds create a note, when it is a soft note	
16 PwC and included in both Highland's and	16 with limited collateral and limited other	
17 NexPoint's audited financial statements;	17 protections. And then the servicing or value	
18 correct?	18 of the note is de minimis relative to the	
19 A. I would I would have been shocked	19 balance sheets of each entity I think is a good	
20 if it wasn't, if it is an asset and a liability	20 reason or logical reason for the executives on	
21 respectively of the companies.	21 both sides not to spend much time focusing on	
22 Q. Okay. Do you see the section on	22 it.	
23 acceleration upon default, Paragraph 4?	23 Q. All right. So you thought it was	
24 A. Yes.	24 reasonable not to read this particular note for	
25 Q. Have you ever seen that section	25 the reasons you just gave.	
,	20 ale reasons you just gave.	
5 444		D 445
Page 414 1 DONDERO - 10/29/21	1 DONDERO - 10/29/21	Page 415
1 DONDERO - 10/29/21		Page 415
1 DONDERO - 10/29/21 2 Do I have that right?	2 anything regarding the company from any of the	Page 415
1 DONDERO - 10/29/21 2 Do I have that right? 3 A. Right.	2 anything regarding the company from any of the3 other subsidiaries, and Frank was administering	Page 415
1 DONDERO - 10/29/21 2 Do I have that right? 3 A. Right. 4 MR. MORRIS: Okay. Can we go to the	 2 anything regarding the company from any of the 3 other subsidiaries, and Frank was administering 4 the notes on behalf of both the related parties 	Page 415
1 DONDERO - 10/29/21 2 Do I have that right? 3 A. Right. 4 MR. MORRIS: Okay. Can we go to the 5 next page, please.	 2 anything regarding the company from any of the 3 other subsidiaries, and Frank was administering 4 the notes on behalf of both the related parties 5 and Highland. 	Page 415
 DONDERO - 10/29/21 Do I have that right? A. Right. MR. MORRIS: Okay. Can we go to the next page, please. Q. Do you see Paragraph 5? There is a 	 2 anything regarding the company from any of the 3 other subsidiaries, and Frank was administering 4 the notes on behalf of both the related parties 5 and Highland. 6 So at the time – at the time I 	Page 415
 DONDERO - 10/29/21 Do I have that right? A. Right. MR. MORRIS: Okay. Can we go to the next page, please. Q. Do you see Paragraph 5? There is a paragraph entitled Waiver. 	 2 anything regarding the company from any of the 3 other subsidiaries, and Frank was administering 4 the notes on behalf of both the related parties 5 and Highland. 6 So at the time – at the time I 7 would have – I would have never known that at 	Page 415
1 DONDERO - 10/29/21 2 Do I have that right? 3 A. Right. 4 MR. MORRIS: Okay. Can we go to the 5 next page, please. 6 Q. Do you see Paragraph 5? There is a 7 paragraph entitled Waiver. 8 A. Yes.	 2 anything regarding the company from any of the 3 other subsidiaries, and Frank was administering 4 the notes on behalf of both the related parties 5 and Highland. 6 So at the time – at the time I 7 would have – I would have never known that at 8 the end of 2020. And it is crazy to think I 	Page 415
1 DONDERO - 10/29/21 2 Do I have that right? 3 A. Right. 4 MR. MORRIS: Okay. Can we go to the 5 next page, please. 6 Q. Do you see Paragraph 5? There is a 7 paragraph entitled Waiver. 8 A. Yes. 9 Q. And I will read it out loud: Maker	 anything regarding the company from any of the other subsidiaries, and Frank was administering the notes on behalf of both the related parties and Highland. So at the time – at the time I would have – I would have never known that at the end of 2020. And it is crazy to think I would have remembered a clause in a soft note 	Page 415
1 DONDERO - 10/29/21 2 Do I have that right? 3 A. Right. 4 MR. MORRIS: Okay. Can we go to the 5 next page, please. 6 Q. Do you see Paragraph 5? There is a 7 paragraph entitled Waiver. 8 A. Yes. 9 Q. And I will read it out loud: Maker 10 hereby waives grace, demand, presentment for	 anything regarding the company from any of the other subsidiaries, and Frank was administering the notes on behalf of both the related parties and Highland. So at the time – at the time I would have – I would have never known that at the end of 2020. And it is crazy to think I would have remembered a clause in a soft note from three years earlier. 	Page 415
1 DONDERO - 10/29/21 2 Do I have that right? 3 A. Right. 4 MR. MORRIS: Okay. Can we go to the 5 next page, please. 6 Q. Do you see Paragraph 5? There is a 7 paragraph entitled Waiver. 8 A. Yes. 9 Q. And I will read it out loud: Maker 10 hereby waives grace, demand, presentment for 11 payment, notice of non-payment, protest, notice	 anything regarding the company from any of the other subsidiaries, and Frank was administering the notes on behalf of both the related parties and Highland. So at the time – at the time I would have – I would have never known that at the end of 2020. And it is crazy to think I would have remembered a clause in a soft note from three years earlier. Q. Okay. Is it fair to say that – do 	Page 415
1 DONDERO - 10/29/21 2 Do I have that right? 3 A. Right. 4 MR. MORRIS: Okay. Can we go to the 5 next page, please. 6 Q. Do you see Paragraph 5? There is a 7 paragraph entitled Waiver. 8 A. Yes. 9 Q. And I will read it out loud: Maker 10 hereby waives grace, demand, presentment for 11 payment, notice of non-payment, protest, notice 12 of protest, notice of intent to accelerate,	 anything regarding the company from any of the other subsidiaries, and Frank was administering the notes on behalf of both the related parties and Highland. So at the time – at the time I would have – I would have never known that at the end of 2020. And it is crazy to think I would have remembered a clause in a soft note from three years earlier. Q. Okay. Is it fair to say that – do you understand today that that provision is 	Page 415
1 DONDERO - 10/29/21 2 Do I have that right? 3 A. Right. 4 MR. MORRIS: Okay. Can we go to the 5 next page, please. 6 Q. Do you see Paragraph 5? There is a 7 paragraph entitled Waiver. 8 A. Yes. 9 Q. And I will read it out loud: Maker 10 hereby waives grace, demand, presentment for 11 payment, notice of non-payment, protest, notice 12 of protest, notice of intent to accelerate, 13 notice of acceleration, and all other notices	 anything regarding the company from any of the other subsidiaries, and Frank was administering the notes on behalf of both the related parties and Highland. So at the time – at the time I would have – I would have never known that at the end of 2020. And it is crazy to think I would have remembered a clause in a soft note from three years earlier. Q. Okay. Is it fair to say that – do you understand today that that provision is included in every note that you signed? 	Page 415
1 DONDERO - 10/29/21 2 Do I have that right? 3 A. Right. 4 MR. MORRIS: Okay. Can we go to the 5 next page, please. 6 Q. Do you see Paragraph 5? There is a 7 paragraph entitled Waiver. 8 A. Yes. 9 Q. And I will read it out loud: Maker 10 hereby waives grace, demand, presentment for 11 payment, notice of non-payment, protest, notice 12 of protest, notice of intent to accelerate, 13 notice of acceleration, and all other notices 14 of any kind hereunder.	 anything regarding the company from any of the other subsidiaries, and Frank was administering the notes on behalf of both the related parties and Highland. So at the time – at the time I would have – I would have never known that at the end of 2020. And it is crazy to think I would have remembered a clause in a soft note from three years earlier. Q. Okay. Is it fair to say that – do you understand today that that provision is included in every note that you signed? MS. DEITSCH-PEREZ: Object to the 	Page 415
1 DONDERO - 10/29/21 2 Do I have that right? 3 A. Right. 4 MR. MORRIS: Okay. Can we go to the 5 next page, please. 6 Q. Do you see Paragraph 5? There is a 7 paragraph entitled Waiver. 8 A. Yes. 9 Q. And I will read it out loud: Maker 10 hereby waives grace, demand, presentment for 11 payment, notice of non-payment, protest, notice 12 of protest, notice of intent to accelerate, 13 notice of acceleration, and all other notices 14 of any kind hereunder. 15 Have I read that correctly?	 anything regarding the company from any of the other subsidiaries, and Frank was administering the notes on behalf of both the related parties and Highland. So at the time – at the time I would have – I would have never known that at the end of 2020. And it is crazy to think I would have remembered a clause in a soft note from three years earlier. Q. Okay. Is it fair to say that – do you understand today that that provision is included in every note that you signed? MS. DEITSCH-PEREZ: Object to the form. 	Page 415
1 DONDERO - 10/29/21 2 Do I have that right? 3 A. Right. 4 MR. MORRIS: Okay. Can we go to the 5 next page, please. 6 Q. Do you see Paragraph 5? There is a 7 paragraph entitled Waiver. 8 A. Yes. 9 Q. And I will read it out loud: Maker 10 hereby waives grace, demand, presentment for 11 payment, notice of non-payment, protest, notice 12 of protest, notice of intent to accelerate, 13 notice of acceleration, and all other notices 14 of any kind hereunder. 15 Have I read that correctly? 16 A. Yes.	 anything regarding the company from any of the other subsidiaries, and Frank was administering the notes on behalf of both the related parties and Highland. So at the time – at the time I would have – I would have never known that at the end of 2020. And it is crazy to think I would have remembered a clause in a soft note from three years earlier. Q. Okay. Is it fair to say that – do you understand today that that provision is included in every note that you signed? MS. DEITSCH-PEREZ: Object to the form. A. You're saying it, so I believe you. 	Page 415
1 DONDERO - 10/29/21 2 Do I have that right? 3 A. Right. 4 MR. MORRIS: Okay. Can we go to the 5 next page, please. 6 Q. Do you see Paragraph 5? There is a 7 paragraph entitled Waiver. 8 A. Yes. 9 Q. And I will read it out loud: Maker 10 hereby waives grace, demand, presentment for 11 payment, notice of non-payment, protest, notice 12 of protest, notice of intent to accelerate, 13 notice of acceleration, and all other notices 14 of any kind hereunder. 15 Have I read that correctly? 16 A. Yes. 17 Q. Do you know that that paragraph is	 anything regarding the company from any of the other subsidiaries, and Frank was administering the notes on behalf of both the related parties and Highland. So at the time – at the time I would have – I would have never known that at the end of 2020. And it is crazy to think I would have remembered a clause in a soft note from three years earlier. Q. Okay. Is it fair to say that – do you understand today that that provision is included in every note that you signed? MS. DEITSCH-PEREZ: Object to the form. A. You're saying it, so I believe you. I'm not asking you to go show me all the other 	Page 415
1 DONDERO - 10/29/21 2 Do I have that right? 3 A. Right. 4 MR. MORRIS: Okay. Can we go to the 5 next page, please. 6 Q. Do you see Paragraph 5? There is a 7 paragraph entitled Waiver. 8 A. Yes. 9 Q. And I will read it out loud: Maker 10 hereby waives grace, demand, presentment for 11 payment, notice of non-payment, protest, notice 12 of protest, notice of intent to accelerate, 13 notice of acceleration, and all other notices 14 of any kind hereunder. 15 Have I read that correctly? 16 A. Yes. 17 Q. Do you know that that paragraph is 18 included in every single note that you signed	 anything regarding the company from any of the other subsidiaries, and Frank was administering the notes on behalf of both the related parties and Highland. So at the time – at the time I would have – I would have never known that at the end of 2020. And it is crazy to think I would have remembered a clause in a soft note from three years earlier. Q. Okay. Is it fair to say that – do you understand today that that provision is included in every note that you signed? MS. DEITSCH-PEREZ: Object to the form. A. You're saying it, so I believe you. I'm not asking you to go show me all the other notes, but – 	Page 415
DONDERO - 10/29/21 Do I have that right? A. Right. MR. MORRIS: Okay. Can we go to the next page, please. Q. Do you see Paragraph 5? There is a paragraph entitled Waiver. A. Yes. Q. And I will read it out loud: Maker hereby waives grace, demand, presentment for payment, notice of non-payment, protest, notice of protest, notice of intent to accelerate, notice of acceleration, and all other notices of any kind hereunder. Have I read that correctly? A. Yes. Q. Do you know that that paragraph is included in every single note that you signed that is part of the litigation that we're here	 anything regarding the company from any of the other subsidiaries, and Frank was administering the notes on behalf of both the related parties and Highland. So at the time – at the time I would have – I would have never known that at the end of 2020. And it is crazy to think I would have remembered a clause in a soft note from three years earlier. Q. Okay. Is it fair to say that – do you understand today that that provision is included in every note that you signed? MS. DEITSCH-PEREZ: Object to the form. A. You're saying it, so I believe you. I'm not asking you to go show me all the other notes, but – Q. Thank you. 	Page 415
DONDERO - 10/29/21 Do I have that right? A. Right. MR. MORRIS: Okay. Can we go to the next page, please. Q. Do you see Paragraph 5? There is a paragraph entitled Waiver. A. Yes. Q. And I will read it out loud: Maker hereby waives grace, demand, presentment for payment, notice of non-payment, protest, notice of protest, notice of intent to accelerate, notice of acceleration, and all other notices of any kind hereunder. Have I read that correctly? A. Yes. Q. Do you know that that paragraph is included in every single note that you signed that is part of the litigation that we're here to talk about today?	 anything regarding the company from any of the other subsidiaries, and Frank was administering the notes on behalf of both the related parties and Highland. So at the time – at the time I would have – I would have never known that at the end of 2020. And it is crazy to think I would have remembered a clause in a soft note from three years earlier. Q. Okay. Is it fair to say that – do you understand today that that provision is included in every note that you signed? MS. DEITSCH-PEREZ: Object to the form. A. You're saying it, so I believe you. I'm not asking you to go show me all the other notes, but – Q. Thank you. A. – I'm assuming it is in all the 	Page 415
DONDERO - 10/29/21 Do I have that right? A. Right. MR. MORRIS: Okay. Can we go to the next page, please. Q. Do you see Paragraph 5? There is a paragraph entitled Waiver. A. Yes. Q. And I will read it out loud: Maker hereby waives grace, demand, presentment for payment, notice of non-payment, protest, notice of protest, notice of intent to accelerate, notice of acceleration, and all other notices of any kind hereunder. Have I read that correctly? A. Yes. Q. Do you know that that paragraph is included in every single note that you signed that is part of the litigation that we're here to talk about today? A. You have to — you have to define	 anything regarding the company from any of the other subsidiaries, and Frank was administering the notes on behalf of both the related parties and Highland. So at the time – at the time I would have – I would have never known that at the end of 2020. And it is crazy to think I would have remembered a clause in a soft note from three years earlier. Q. Okay. Is it fair to say that – do you understand today that that provision is included in every note that you signed? MS. DEITSCH-PEREZ: Object to the form. A. You're saying it, so I believe you. I'm not asking you to go show me all the other notes, but – Q. Thank you. A. – I'm assuming it is in all the other notes. I will take your word for it. 	Page 415
DONDERO - 10/29/21 Do I have that right? A. Right. MR. MORRIS: Okay. Can we go to the next page, please. Q. Do you see Paragraph 5? There is a paragraph entitled Waiver. A. Yes. Q. And I will read it out loud: Maker hereby waives grace, demand, presentment for payment, notice of non-payment, protest, notice of protest, notice of intent to accelerate, notice of acceleration, and all other notices of any kind hereunder. Have I read that correctly? A. Yes. Q. Do you know that that paragraph is included in every single note that you signed that is part of the litigation that we're here to talk about today? A. You have to – you have to define when. You know, like today I know that it	 anything regarding the company from any of the other subsidiaries, and Frank was administering the notes on behalf of both the related parties and Highland. So at the time – at the time I would have – I would have never known that at the end of 2020. And it is crazy to think I would have remembered a clause in a soft note from three years earlier. Q. Okay. Is it fair to say that – do you understand today that that provision is included in every note that you signed? MS. DEITSCH-PEREZ: Object to the form. A. You're saying it, so I believe you. I'm not asking you to go show me all the other notes, but – Q. Thank you. A. – I'm assuming it is in all the other notes. I will take your word for it. Q. And is it fair to say that at the 	Page 415
DONDERO - 10/29/21 Do I have that right? A. Right. MR. MORRIS: Okay. Can we go to the next page, please. Q. Do you see Paragraph 5? There is a paragraph entitled Waiver. A. Yes. Q. And I will read it out loud: Maker hereby waives grace, demand, presentment for payment, notice of non-payment, protest, notice of protest, notice of intent to accelerate, notice of acceleration, and all other notices of any kind hereunder. Have I read that correctly? A. Yes. Q. Do you know that that paragraph is included in every single note that you signed that is part of the litigation that we're here to talk about today? A. You have to – you have to define when. You know, like today I know that it is – it is in those notes.	 anything regarding the company from any of the other subsidiaries, and Frank was administering the notes on behalf of both the related parties and Highland. So at the time – at the time I would have – I would have never known that at the end of 2020. And it is crazy to think I would have remembered a clause in a soft note from three years earlier. Q. Okay. Is it fair to say that – do you understand today that that provision is included in every note that you signed? MS. DEITSCH-PEREZ: Object to the form. A. You're saying it, so I believe you. I'm not asking you to go show me all the other notes, but – Q. Thank you. A. – I'm assuming it is in all the other notes. I will take your word for it. Q. And is it fair to say that at the time you signed these notes you didn't take the 	Page 415
DONDERO - 10/29/21 Do I have that right? A. Right. MR. MORRIS: Okay. Can we go to the next page, please. Q. Do you see Paragraph 5? There is a paragraph entitled Waiver. A. Yes. Q. And I will read it out loud: Maker hereby waives grace, demand, presentment for payment, notice of non-payment, protest, notice of protest, notice of intent to accelerate, notice of acceleration, and all other notices of any kind hereunder. Have I read that correctly? A. Yes. Q. Do you know that that paragraph is included in every single note that you signed that is part of the litigation that we're here to talk about today? A. You have to – you have to define when. You know, like today I know that it	 anything regarding the company from any of the other subsidiaries, and Frank was administering the notes on behalf of both the related parties and Highland. So at the time – at the time I would have – I would have never known that at the end of 2020. And it is crazy to think I would have remembered a clause in a soft note from three years earlier. Q. Okay. Is it fair to say that – do you understand today that that provision is included in every note that you signed? MS. DEITSCH-PEREZ: Object to the form. A. You're saying it, so I believe you. I'm not asking you to go show me all the other notes, but – Q. Thank you. A. – I'm assuming it is in all the other notes. I will take your word for it. Q. And is it fair to say that at the 	Page 415

		440			D 447
1	DONDERO - 10/29/21	je 416	1	DONDERO - 10/29/21	Page 417
2	form.		2	the negotiation – to negotiations?	
3	A. That is correct. A lot of it is		3	A. No, one that is over time subject to	
4	boilerplate. And, again, treasury or		4	negotiation or modification.	
5	accounting would have put in what was necessary		5	Q. Okay.	
6	for regulatory, tax, audit purposes. Maybe the		6	A. Because there is – there is	
7	auditors put that in. I have no idea.		7	limited – there is limited, team collateral,	
8	But the content and the bullet		8	guarantee, bad boy features in – in a soft	
9	points here, the nine paragraphs on a soft note		9	note.	
10	would have been put in by other people and		10	Q. Okay. Perhaps my question wasn't	
111	administered by other people other than me.		11	clear.	
12	Q. What is a soft note?		12	Did the notes that you signed – did	
13	A. You know, like a secured – I mean,		13	you negotiate them with anybody, the terms of	
14	a note that isn't a hard note, like a note that		14	each note?	
15	isn't secured, deed in lieu, UCC filed,		15	A. No.	
16	guaranteed, you know, performance and bad boy		16	Q. Okay. Did you personally decide on	
17	clauses and all of that other stuff.		17	the terms of each note?	
18	A soft note is an unsecured loan		18	A. No. Again, they were two highly	
19	that has basic terms to it, but it is likely		19	solvent, highly well-capitalized subsidiaries,	
20	subject to renegotiation over time.		20	and the amount of the notes was de minimis and	
21	Q. Were any of the notes that you		21	friendly, and they were soft notes administered	
22	signed subject to negotiation?		22	by a centralized treasury shared services	
23	A. Well, I'm saying by definition that		23	department.	
24	is what a soft note is.		23 24	черантен.	
25	Q. One that – that is not subject to		2 4 25	They were the ones deciding what it	
23	Q. One that - that is not subject to		20	They were the ones deciding what it	
1	Pag DONDERO - 10/29/21	je 418	1	DONDERO - 10/29/21	Page 419
1 2	took to be compliant from an accounting		1	A. Yes.	
3	regulatory-wise standpoint, but wasn't – they		3	Q. And is it your understanding that	
Ι.	were trying to come up with a balance note,			this note substituted and superseded the	
4			4	·	
5	which I think this is, such that it wouldn't		5	promissory notes that are listed on Exhibit A	
6	have to be negotiated or haggled by any of the		6	on the page there?	
7	parties.		7	A. Yeah. I mean, effectively pay those	
8	And there is no evidence of any of		8	off and reestablish an aggregate note.	
9	the notes ever being haggled or ever being		9	Q. Right. And Exhibit A actually set	
10	negotiated.		10	forth the outstanding principal and interest	
11	Q. Okay. I appreciate that.		11	that NexPoint owed Highland under the prior	
12	At the time you signed each of the		12	notes as defined there as of May 31st, 2017;	
13	notes on behalf of the obligors, did the		13	right?	
14	obligors have an intention at the time you put		14	A. Yeah, that is what it looks like.	
15	your signature on the page of repaying the		15	Q. Okay. And – and so the initial	
16	notes in accordance with their terms?		16	principal amount of the prior notes was what is	
17	A. Yes. They're all – soft note		17	stated there, approximately \$27.675 million?	
18	doesn't mean it's not a bona fide note. They		18	A. Right.	
19	were all intended to be bona fide notes, and		19	Q. Okay. You wouldn't have signed this	
20	they all are bona fide notes that were intended		20	note on behalf of NexPoint if you didn't	
21	to be paid and for the virtually most part,		21	believe at the time you signed it that NexPoint	
22	were always paid or prepaid and, you know, paid		22	owed Highland that amount of money; correct?	
23	in accordance.		23	A. Yeah, it is a bona fide note,	
24	Q. Do you see to the right there is a list of prior notes?		24 25	consistent with my testimony. Q. Okay. Do you know why NexPoint	
25					

	D 400	_		D 404
1	Page 420 DONDERO - 10/29/21	1	DONDERO - 10/29/21	Page 421
2	borrowed the money from Highland at the times	2	Dugaboy trustee?	
3	and in the amounts listed on Exhibit A?	3	A. Me, myself.	
4	A. No.	4	Q. Okay. What was the purpose of	
5	Q. Did you authorize NexPoint to borrow	5	including this note in your agreement with the	
6	the money that is reflected in the prior note	6	Dugaboy trustee?	
7	set forth on Exhibit A?	7	Was it to provide you with a	
8	A. I don't know. Probably some of	8	compensation?	
9	them, yes.	9	A. Yeah. I mean, in fact, I think it	
10	Q. Okay. And you have no recollection	10	was articulated in that big paragraph	
111	at all as to why NexPoint borrowed over	11	reasonably well that my cash compensation, I	
12	\$27 million from Highland in the 12-month	12	believe through any lens, people would look at	
13	period from August 2014 to July 2015?	13	it as de minimis from the standpoint of	
14	A. Not without being refreshed.	14	Highland as asset manager.	
15	Q. Okay. Do you have any knowledge as	15	I don't think it was more than a	
16	to what NexPoint did with the proceeds from	16	couple million bucks in a year and it went	
17	these loans?	17	down, I think, in the '15 through '20 period.	
18	A. Not without being refreshed.	18	So I think it is common in private	
19	Q. Okay. And you contend that this	19	companies to loan money that is bona fide debt	
20	note is subject to – subject to one of your	20	and then forgive it at different times to	
21	oral agreements with the Dugaboy trustee;	21	manage compensation and incentives to managers	
22	correct?	22	of private companies.	
23	A. Yes.	23	This is a – we're in – we each	
24	Q. Who decided to include this	24		
25		25	have experts talking about it, but I think this is, you know, typical.	
23	particular note in your agreement with the	25	is, you know, typical.	
	D 400			
1	Page 422	1	DONDEDO 10/20/21	Page 423
1	DONDERO - 10/29/21	1	DONDERO - 10/29/21 the only one at the componentian level with the	Page 423
2	DONDERO - 10/29/21 Q. Can you identify any moment in the	2	the only one at the compensation level with the	Page 423
2 3	DONDERO - 10/29/21 Q. Can you identify any moment in the 25 or 26 year history that you were president	2 3	the only one at the compensation level with the interrelated entities who could possibly get	Page 423
2	DONDERO - 10/29/21 Q. Can you identify any moment in the 25 or 26 year history that you were president of Highland where Highland forgave an	2 3 4	the only one at the compensation level with the interrelated entities who could possibly get intercompany loans forgiven as part of the	Page 423
2 3 4 5	DONDERO - 10/29/21 Q. Can you identify any moment in the 25 or 26 year history that you were president of Highland where Highland forgave an intercompany loan for the purpose of providing	2 3 4 5	the only one at the compensation level with the interrelated entities who could possibly get intercompany loans forgiven as part of the comp, but it —	Page 423
2 3	DONDERO - 10/29/21 Q. Can you identify any moment in the 25 or 26 year history that you were president of Highland where Highland forgave an intercompany loan for the purpose of providing compensation to you or any other employee	2 3 4 5 6	the only one at the compensation level with the interrelated entities who could possibly get intercompany loans forgiven as part of the comp, but it – Q. Okay. So let me ask a cleaner –	Page 423
2 3 4 5 6 7	DONDERO - 10/29/21 Q. Can you identify any moment in the 25 or 26 year history that you were president of Highland where Highland forgave an intercompany loan for the purpose of providing compensation to you or any other employee except for the agreements that are described in	2 3 4 5 6 7	the only one at the compensation level with the interrelated entities who could possibly get intercompany loans forgiven as part of the comp, but it — Q. Okay. So let me ask a cleaner — let me ask a cleaner question. I appreciate	Page 423
2 3 4 5 6 7 8	DONDERO - 10/29/21 Q. Can you identify any moment in the 25 or 26 year history that you were president of Highland where Highland forgave an intercompany loan for the purpose of providing compensation to you or any other employee except for the agreements that are described in Paragraph 82 of your answer?	2 3 4 5 6 7 8	the only one at the compensation level with the interrelated entities who could possibly get intercompany loans forgiven as part of the comp, but it — Q. Okay. So let me ask a cleaner — let me ask a cleaner question. I appreciate that clarification.	Page 423
2 3 4 5 6 7 8 9	DONDERO - 10/29/21 Q. Can you identify any moment in the 25 or 26 year history that you were president of Highland where Highland forgave an intercompany loan for the purpose of providing compensation to you or any other employee except for the agreements that are described in Paragraph 82 of your answer? A. Boy, I know we have masked it. I	2 3 4 5 6 7 8 9	the only one at the compensation level with the interrelated entities who could possibly get intercompany loans forgiven as part of the comp, but it — Q. Okay. So let me ask a cleaner — let me ask a cleaner question. I appreciate that clarification. Other than the agreements described	Page 423
2 3 4 5 6 7 8 9	DONDERO - 10/29/21 Q. Can you identify any moment in the 25 or 26 year history that you were president of Highland where Highland forgave an intercompany loan for the purpose of providing compensation to you or any other employee except for the agreements that are described in Paragraph 82 of your answer? A. Boy, I know we have masked it. I don't know if we — it sounds like we may not	2 3 4 5 6 7 8 9	the only one at the compensation level with the interrelated entities who could possibly get intercompany loans forgiven as part of the comp, but it — Q. Okay. So let me ask a cleaner — let me ask a cleaner question. I appreciate that clarification. Other than the agreements described in Paragraph 82, can you think of any other	Page 423
2 3 4 5 6 7 8 9 10	DONDERO - 10/29/21 Q. Can you identify any moment in the 25 or 26 year history that you were president of Highland where Highland forgave an intercompany loan for the purpose of providing compensation to you or any other employee except for the agreements that are described in Paragraph 82 of your answer? A. Boy, I know we have masked it. I don't know if we — it sounds like we may not have sent it to you, but we have done it for a	2 3 4 5 6 7 8 9 10	the only one at the compensation level with the interrelated entities who could possibly get intercompany loans forgiven as part of the comp, but it — Q. Okay. So let me ask a cleaner — let me ask a cleaner question. I appreciate that clarification. Other than the agreements described in Paragraph 82, can you think of any other intercompany loan that was ever forgiven while	Page 423
2 3 4 5 6 7 8 9 10 11 12	DONDERO - 10/29/21 Q. Can you identify any moment in the 25 or 26 year history that you were president of Highland where Highland forgave an intercompany loan for the purpose of providing compensation to you or any other employee except for the agreements that are described in Paragraph 82 of your answer? A. Boy, I know we have masked it. I don't know if we – it sounds like we may not have sent it to you, but we have done it for a dozen employees over the years in – in fairly	2 3 4 5 6 7 8 9 10 11 12	the only one at the compensation level with the interrelated entities who could possibly get intercompany loans forgiven as part of the comp, but it — Q. Okay. So let me ask a cleaner — let me ask a cleaner question. I appreciate that clarification. Other than the agreements described in Paragraph 82, can you think of any other intercompany loan that was ever forgiven while you were president of Highland for the purpose	Page 423
2 3 4 5 6 7 8 9 10 11 12 13	DONDERO - 10/29/21 Q. Can you identify any moment in the 25 or 26 year history that you were president of Highland where Highland forgave an intercompany loan for the purpose of providing compensation to you or any other employee except for the agreements that are described in Paragraph 82 of your answer? A. Boy, I know we have masked it. I don't know if we – it sounds like we may not have sent it to you, but we have done it for a dozen employees over the years in – in fairly significant amount –	2 3 4 5 6 7 8 9 10 11 12 13	the only one at the compensation level with the interrelated entities who could possibly get intercompany loans forgiven as part of the comp, but it — Q. Okay. So let me ask a cleaner — let me ask a cleaner question. I appreciate that clarification. Other than the agreements described in Paragraph 82, can you think of any other intercompany loan that was ever forgiven while you were president of Highland for the purpose of giving you compensation?	Page 423
2 3 4 5 6 7 8 9 10 11 12 13	DONDERO - 10/29/21 Q. Can you identify any moment in the 25 or 26 year history that you were president of Highland where Highland forgave an intercompany loan for the purpose of providing compensation to you or any other employee except for the agreements that are described in Paragraph 82 of your answer? A. Boy, I know we have masked it. I don't know if we – it sounds like we may not have sent it to you, but we have done it for a dozen employees over the years in – in fairly significant amount – Q. I'm going to interrupt you, sir,	2 3 4 5 6 7 8 9 10 11 12 13 14	the only one at the compensation level with the interrelated entities who could possibly get intercompany loans forgiven as part of the comp, but it — Q. Okay. So let me ask a cleaner — let me ask a cleaner question. I appreciate that clarification. Other than the agreements described in Paragraph 82, can you think of any other intercompany loan that was ever forgiven while you were president of Highland for the purpose of giving you compensation? A. I don't — I don't know.	Page 423
2 3 4 5 6 7 8 9 10 11 12 13 14 15	DONDERO - 10/29/21 Q. Can you identify any moment in the 25 or 26 year history that you were president of Highland where Highland forgave an intercompany loan for the purpose of providing compensation to you or any other employee except for the agreements that are described in Paragraph 82 of your answer? A. Boy, I know we have masked it. I don't know if we – it sounds like we may not have sent it to you, but we have done it for a dozen employees over the years in – in fairly significant amount – Q. I'm going to interrupt you, sir, because it's not responsive to my question. I	2 3 4 5 6 7 8 9 10 11 12 13 14 15	the only one at the compensation level with the interrelated entities who could possibly get intercompany loans forgiven as part of the comp, but it — Q. Okay. So let me ask a cleaner — let me ask a cleaner question. I appreciate that clarification. Other than the agreements described in Paragraph 82, can you think of any other intercompany loan that was ever forgiven while you were president of Highland for the purpose of giving you compensation? A. I don't — I don't know. Q. This is an important issue; right?	Page 423
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	DONDERO - 10/29/21 Q. Can you identify any moment in the 25 or 26 year history that you were president of Highland where Highland forgave an intercompany loan for the purpose of providing compensation to you or any other employee except for the agreements that are described in Paragraph 82 of your answer? A. Boy, I know we have masked it. I don't know if we — it sounds like we may not have sent it to you, but we have done it for a dozen employees over the years in — in fairly significant amount — Q. I'm going to interrupt you, sir, because it's not responsive to my question. I apologize for that. I'm just focusing on	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	the only one at the compensation level with the interrelated entities who could possibly get intercompany loans forgiven as part of the comp, but it — Q. Okay. So let me ask a cleaner — let me ask a cleaner question. I appreciate that clarification. Other than the agreements described in Paragraph 82, can you think of any other intercompany loan that was ever forgiven while you were president of Highland for the purpose of giving you compensation? A. I don't — I don't know. Q. This is an important issue; right? The notion of a prior practice. It is your	Page 423
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	DONDERO - 10/29/21 Q. Can you identify any moment in the 25 or 26 year history that you were president of Highland where Highland forgave an intercompany loan for the purpose of providing compensation to you or any other employee except for the agreements that are described in Paragraph 82 of your answer? A. Boy, I know we have masked it. I don't know if we – it sounds like we may not have sent it to you, but we have done it for a dozen employees over the years in – in fairly significant amount – Q. I'm going to interrupt you, sir, because it's not responsive to my question. I apologize for that. I'm just focusing on intercompany loans.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	the only one at the compensation level with the interrelated entities who could possibly get intercompany loans forgiven as part of the comp, but it — Q. Okay. So let me ask a cleaner — let me ask a cleaner question. I appreciate that clarification. Other than the agreements described in Paragraph 82, can you think of any other intercompany loan that was ever forgiven while you were president of Highland for the purpose of giving you compensation? A. I don't — I don't know. Q. This is an important issue; right? The notion of a prior practice. It is your contention that there was a prior practice at	Page 423
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. Can you identify any moment in the 25 or 26 year history that you were president of Highland where Highland forgave an intercompany loan for the purpose of providing compensation to you or any other employee except for the agreements that are described in Paragraph 82 of your answer? A. Boy, I know we have masked it. I don't know if we – it sounds like we may not have sent it to you, but we have done it for a dozen employees over the years in – in fairly significant amount – Q. I'm going to interrupt you, sir, because it's not responsive to my question. I apologize for that. I'm just focusing on intercompany loans. Can you identify any loan in the 25	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	the only one at the compensation level with the interrelated entities who could possibly get intercompany loans forgiven as part of the comp, but it — Q. Okay. So let me ask a cleaner — let me ask a cleaner question. I appreciate that clarification. Other than the agreements described in Paragraph 82, can you think of any other intercompany loan that was ever forgiven while you were president of Highland for the purpose of giving you compensation? A. I don't — I don't know. Q. This is an important issue; right? The notion of a prior practice. It is your contention that there was a prior practice at Highland — hold on one second. I apologize.	Page 423
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	DONDERO - 10/29/21 Q. Can you identify any moment in the 25 or 26 year history that you were president of Highland where Highland forgave an intercompany loan for the purpose of providing compensation to you or any other employee except for the agreements that are described in Paragraph 82 of your answer? A. Boy, I know we have masked it. I don't know if we — it sounds like we may not have sent it to you, but we have done it for a dozen employees over the years in — in fairly significant amount — Q. I'm going to interrupt you, sir, because it's not responsive to my question. I apologize for that. I'm just focusing on intercompany loans. Can you identify any loan in the 25 or 26 years that you were president, an	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	the only one at the compensation level with the interrelated entities who could possibly get intercompany loans forgiven as part of the comp, but it — Q. Okay. So let me ask a cleaner — let me ask a cleaner question. I appreciate that clarification. Other than the agreements described in Paragraph 82, can you think of any other intercompany loan that was ever forgiven while you were president of Highland for the purpose of giving you compensation? A. I don't — I don't know. Q. This is an important issue; right? The notion of a prior practice. It is your contention that there was a prior practice at Highland — hold on one second. I apologize. Sorry about that. Somebody almost	Page 423
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	DONDERO - 10/29/21 Q. Can you identify any moment in the 25 or 26 year history that you were president of Highland where Highland forgave an intercompany loan for the purpose of providing compensation to you or any other employee except for the agreements that are described in Paragraph 82 of your answer? A. Boy, I know we have masked it. I don't know if we – it sounds like we may not have sent it to you, but we have done it for a dozen employees over the years in – in fairly significant amount – Q. I'm going to interrupt you, sir, because it's not responsive to my question. I apologize for that. I'm just focusing on intercompany loans. Can you identify any loan in the 25 or 26 years that you were president, an intercompany loan where – where Highland was	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	the only one at the compensation level with the interrelated entities who could possibly get intercompany loans forgiven as part of the comp, but it — Q. Okay. So let me ask a cleaner — let me ask a cleaner question. I appreciate that clarification. Other than the agreements described in Paragraph 82, can you think of any other intercompany loan that was ever forgiven while you were president of Highland for the purpose of giving you compensation? A. I don't — I don't know. Q. This is an important issue; right? The notion of a prior practice. It is your contention that there was a prior practice at Highland — hold on one second. I apologize. Sorry about that. Somebody almost dropped an air conditioner out the window.	Page 423
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. Can you identify any moment in the 25 or 26 year history that you were president of Highland where Highland forgave an intercompany loan for the purpose of providing compensation to you or any other employee except for the agreements that are described in Paragraph 82 of your answer? A. Boy, I know we have masked it. I don't know if we – it sounds like we may not have sent it to you, but we have done it for a dozen employees over the years in – in fairly significant amount – Q. I'm going to interrupt you, sir, because it's not responsive to my question. I apologize for that. I'm just focusing on intercompany loans. Can you identify any loan in the 25 or 26 years that you were president, an intercompany loan where – where Highland was the payee that was forgiven for purposes of	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	the only one at the compensation level with the interrelated entities who could possibly get intercompany loans forgiven as part of the comp, but it — Q. Okay. So let me ask a cleaner — let me ask a cleaner question. I appreciate that clarification. Other than the agreements described in Paragraph 82, can you think of any other intercompany loan that was ever forgiven while you were president of Highland for the purpose of giving you compensation? A. I don't — I don't know. Q. This is an important issue; right? The notion of a prior practice. It is your contention that there was a prior practice at Highland — hold on one second. I apologize. Sorry about that. Somebody almost dropped an air conditioner out the window. MS. DEITSCH-PEREZ: That would not	Page 423
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	DONDERO - 10/29/21 Q. Can you identify any moment in the 25 or 26 year history that you were president of Highland where Highland forgave an intercompany loan for the purpose of providing compensation to you or any other employee except for the agreements that are described in Paragraph 82 of your answer? A. Boy, I know we have masked it. I don't know if we – it sounds like we may not have sent it to you, but we have done it for a dozen employees over the years in – in fairly significant amount – Q. I'm going to interrupt you, sir, because it's not responsive to my question. I apologize for that. I'm just focusing on intercompany loans. Can you identify any loan in the 25 or 26 years that you were president, an intercompany loan where – where Highland was the payee that was forgiven for purposes of giving you or any employee compensation, other	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	the only one at the compensation level with the interrelated entities who could possibly get intercompany loans forgiven as part of the comp, but it — Q. Okay. So let me ask a cleaner — let me ask a cleaner question. I appreciate that clarification. Other than the agreements described in Paragraph 82, can you think of any other intercompany loan that was ever forgiven while you were president of Highland for the purpose of giving you compensation? A. I don't — I don't know. Q. This is an important issue; right? The notion of a prior practice. It is your contention that there was a prior practice at Highland — hold on one second. I apologize. Sorry about that. Somebody almost dropped an air conditioner out the window. MS. DEITSCH-PEREZ: That would not be good.	Page 423
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. Can you identify any moment in the 25 or 26 year history that you were president of Highland where Highland forgave an intercompany loan for the purpose of providing compensation to you or any other employee except for the agreements that are described in Paragraph 82 of your answer? A. Boy, I know we have masked it. I don't know if we – it sounds like we may not have sent it to you, but we have done it for a dozen employees over the years in – in fairly significant amount – Q. I'm going to interrupt you, sir, because it's not responsive to my question. I apologize for that. I'm just focusing on intercompany loans. Can you identify any loan in the 25 or 26 years that you were president, an intercompany loan where – where Highland was the payee that was forgiven for purposes of giving you or any employee compensation, other than – other than the agreements that you	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	the only one at the compensation level with the interrelated entities who could possibly get intercompany loans forgiven as part of the comp, but it — Q. Okay. So let me ask a cleaner — let me ask a cleaner question. I appreciate that clarification. Other than the agreements described in Paragraph 82, can you think of any other intercompany loan that was ever forgiven while you were president of Highland for the purpose of giving you compensation? A. I don't — I don't know. Q. This is an important issue; right? The notion of a prior practice. It is your contention that there was a prior practice at Highland — hold on one second. I apologize. Sorry about that. Somebody almost dropped an air conditioner out the window. MS. DEITSCH-PEREZ: That would not be good. MR. MORRIS: No.	Page 423
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	Q. Can you identify any moment in the 25 or 26 year history that you were president of Highland where Highland forgave an intercompany loan for the purpose of providing compensation to you or any other employee except for the agreements that are described in Paragraph 82 of your answer? A. Boy, I know we have masked it. I don't know if we – it sounds like we may not have sent it to you, but we have done it for a dozen employees over the years in – in fairly significant amount – Q. I'm going to interrupt you, sir, because it's not responsive to my question. I apologize for that. I'm just focusing on intercompany loans. Can you identify any loan in the 25 or 26 years that you were president, an intercompany loan where – where Highland was the payee that was forgiven for purposes of giving you or any employee compensation, other than – other than the agreements that you struck with the Dugaboy trustee?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	the only one at the compensation level with the interrelated entities who could possibly get intercompany loans forgiven as part of the comp, but it — Q. Okay. So let me ask a cleaner — let me ask a cleaner question. I appreciate that clarification. Other than the agreements described in Paragraph 82, can you think of any other intercompany loan that was ever forgiven while you were president of Highland for the purpose of giving you compensation? A. I don't — I don't know. Q. This is an important issue; right? The notion of a prior practice. It is your contention that there was a prior practice at Highland — hold on one second. I apologize. Sorry about that. Somebody almost dropped an air conditioner out the window. MS. DEITSCH-PEREZ: That would not be good. MR. MORRIS: No. Q. All right. Apologies.	Page 423
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. Can you identify any moment in the 25 or 26 year history that you were president of Highland where Highland forgave an intercompany loan for the purpose of providing compensation to you or any other employee except for the agreements that are described in Paragraph 82 of your answer? A. Boy, I know we have masked it. I don't know if we – it sounds like we may not have sent it to you, but we have done it for a dozen employees over the years in – in fairly significant amount – Q. I'm going to interrupt you, sir, because it's not responsive to my question. I apologize for that. I'm just focusing on intercompany loans. Can you identify any loan in the 25 or 26 years that you were president, an intercompany loan where – where Highland was the payee that was forgiven for purposes of giving you or any employee compensation, other than – other than the agreements that you	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	the only one at the compensation level with the interrelated entities who could possibly get intercompany loans forgiven as part of the comp, but it — Q. Okay. So let me ask a cleaner — let me ask a cleaner question. I appreciate that clarification. Other than the agreements described in Paragraph 82, can you think of any other intercompany loan that was ever forgiven while you were president of Highland for the purpose of giving you compensation? A. I don't — I don't know. Q. This is an important issue; right? The notion of a prior practice. It is your contention that there was a prior practice at Highland — hold on one second. I apologize. Sorry about that. Somebody almost dropped an air conditioner out the window. MS. DEITSCH-PEREZ: That would not be good. MR. MORRIS: No.	Page 423

	D 40			D 105
1	Page 42 DONDERO - 10/29/21	1	DONDERO - 10/29/21	Page 425
2	question read back?	2	executives at the bank and board members at the	
3	(Record read.)	3	bank in the seven-figure kind of numbers that	
4	Q. I'm going to start all over here.	4	were then subsequently forgiven.	
5	Mr. Dondero, do you contend that	5	It is – I know we amassed more than	
1	there was a practice at Highland of forgiving	6	a dozen examples that were significant and	
	loans; is that correct?	7	material.	
8	A. Yes.	8	MR. MORRIS: Deborah, I apologize.	
9	Q. And do you recall that we talked	9	It is certainly possible I missed it, but I	
10	about that issue back in May?	10	don't recall seeing any list or any	
111	A. Yes.	11	documents of any kind that Mr. Dondero has	
12	Q. Okay. And since – since that time	12	•	
13	have you made any effort to gather any	13	Have they been produced?	
14	information that would demonstrate that there	14	·	
1				
15	was a prior practice at Highland of forgiving	15	•	
16	loans?	16		
17	A. Yes.	17	MR. MORRIS: I know there is a list	
18	Q. And what efforts have you made?	18		
19	A. Like I said, we amassed a list, and	19		
20	not insignificant list and not insignificant	20		
21	amounts, proportionate to the people's	21	discovery response, I don't recall	
22	compensation where it was a practice.	22	3 ,	
23	You know, for some people for	23	MS. DEITSCH-PEREZ: No. And I think	
24	relocation, for some people for bonuses, for	24	we asked you for the documents because we	
25	house purposes, for senior executives, senior	25	don't have access to the documents on	
	Page 42	5		Page 427
1	DONDERO - 10/29/21	1	DONDERO - 10/29/21	Page 427
2	DONDERO - 10/29/21 Highland's server. The only thing I can		Q. And would that include any	Page 427
1	DONDERO - 10/29/21	1	Q. And would that include any agreements to forgive loans that were deemed to	Page 427
2	DONDERO - 10/29/21 Highland's server. The only thing I can	1 2	Q. And would that include any	Page 427
2 3	DONDERO - 10/29/21 Highland's server. The only thing I can think of that we might owe you is there	1 2 3	Q. And would that include any agreements to forgive loans that were deemed to	Page 427
2 3 4	DONDERO - 10/29/21 Highland's server. The only thing I can think of that we might owe you is there might be a few additional names to list in	1 2 3 4	Q. And would that include any agreements to forgive loans that were deemed to be material amounts?	Page 427
2 3 4 5	DONDERO - 10/29/21 Highland's server. The only thing I can think of that we might owe you is there might be a few additional names to list in the interrogatory, and I will check whether	1 2 3 4 5	Q. And would that include any agreements to forgive loans that were deemed to be material amounts? A. No, because it is contingent in long	Page 427
2 3 4 5 6	DONDERO - 10/29/21 Highland's server. The only thing I can think of that we might owe you is there might be a few additional names to list in the interrogatory, and I will check whether that has been done.	1 2 3 4 5 6	 Q. And would that include any agreements to forgive loans that were deemed to be material amounts? A. No, because it is contingent in long term and speculative. 	Page 427
2 3 4 5 6 7 8	DONDERO - 10/29/21 Highland's server. The only thing I can think of that we might owe you is there might be a few additional names to list in the interrogatory, and I will check whether that has been done. MR. MORRIS: Okay.	1 2 3 4 5 6 7	Q. And would that include any agreements to forgive loans that were deemed to be material amounts? A. No, because it is contingent in long term and speculative. Q. But at some point if it is forgiven	Page 427
2 3 4 5 6 7 8	DONDERO - 10/29/21 Highland's server. The only thing I can think of that we might owe you is there might be a few additional names to list in the interrogatory, and I will check whether that has been done. MR. MORRIS: Okay. Q. Mr. Dondero, you sign management	1 2 3 4 5 6 7 8	Q. And would that include any agreements to forgive loans that were deemed to be material amounts? A. No, because it is contingent in long term and speculative. Q. But at some point if it is forgiven would that be – would that be an event that	Page 427
2 3 4 5 6 7 8 9	DONDERO - 10/29/21 Highland's server. The only thing I can think of that we might owe you is there might be a few additional names to list in the interrogatory, and I will check whether that has been done. MR. MORRIS: Okay. Q. Mr. Dondero, you sign management representation letters in connection with	1 2 3 4 5 6 7 8 9	Q. And would that include any agreements to forgive loans that were deemed to be material amounts? A. No, because it is contingent in long term and speculative. Q. But at some point if it is forgiven would that be – would that be an event that would be disclosed to the auditor?	Page 427
2 3 4 5 6 7 8 9	DONDERO - 10/29/21 Highland's server. The only thing I can think of that we might owe you is there might be a few additional names to list in the interrogatory, and I will check whether that has been done. MR. MORRIS: Okay. Q. Mr. Dondero, you sign management representation letters in connection with Highland's audit each year; is that right?	1 2 3 4 5 6 7 8 9	Q. And would that include any agreements to forgive loans that were deemed to be material amounts? A. No, because it is contingent in long term and speculative. Q. But at some point if it is forgiven would that be – would that be an event that would be disclosed to the auditor? A. Sure.	Page 427
2 3 4 5 6 7 8 9 10	DONDERO - 10/29/21 Highland's server. The only thing I can think of that we might owe you is there might be a few additional names to list in the interrogatory, and I will check whether that has been done. MR. MORRIS: Okay. Q. Mr. Dondero, you sign management representation letters in connection with Highland's audit each year; is that right? A. Yes.	1 2 3 4 5 6 7 8 9 10 11	Q. And would that include any agreements to forgive loans that were deemed to be material amounts? A. No, because it is contingent in long term and speculative. Q. But at some point if it is forgiven would that be – would that be an event that would be disclosed to the auditor? A. Sure. Q. Okay. So is it fair to say that all	Page 427
2 3 4 5 6 7 8 9 10 11 12	DONDERO - 10/29/21 Highland's server. The only thing I can think of that we might owe you is there might be a few additional names to list in the interrogatory, and I will check whether that has been done. MR. MORRIS: Okay. Q. Mr. Dondero, you sign management representation letters in connection with Highland's audit each year; is that right? A. Yes. Q. Do you understand that you have an	1 2 3 4 5 6 7 8 9 10 11	Q. And would that include any agreements to forgive loans that were deemed to be material amounts? A. No, because it is contingent in long term and speculative. Q. But at some point if it is forgiven would that be – would that be an event that would be disclosed to the auditor? A. Sure. Q. Okay. So is it fair to say that all loans that were deemed to be material to the extent they were forgiven were disclosed to the	Page 427
2 3 4 5 6 7 8 9 10 11 12 13	DONDERO - 10/29/21 Highland's server. The only thing I can think of that we might owe you is there might be a few additional names to list in the interrogatory, and I will check whether that has been done. MR. MORRIS: Okay. Q. Mr. Dondero, you sign management representation letters in connection with Highland's audit each year; is that right? A. Yes. Q. Do you understand that you have an obligation when you sign the management	1 2 3 4 5 6 7 8 9 10 11 12 13	Q. And would that include any agreements to forgive loans that were deemed to be material amounts? A. No, because it is contingent in long term and speculative. Q. But at some point if it is forgiven would that be – would that be an event that would be disclosed to the auditor? A. Sure. Q. Okay. So is it fair to say that all loans that were deemed to be material to the extent they were forgiven were disclosed to the	Page 427
2 3 4 5 6 7 8 9 10 11 12 13	DONDERO - 10/29/21 Highland's server. The only thing I can think of that we might owe you is there might be a few additional names to list in the interrogatory, and I will check whether that has been done. MR. MORRIS: Okay. Q. Mr. Dondero, you sign management representation letters in connection with Highland's audit each year; is that right? A. Yes. Q. Do you understand that you have an obligation when you sign the management representation to disclose to the auditor all	1 2 3 4 5 6 7 8 9 10 11 12 13	Q. And would that include any agreements to forgive loans that were deemed to be material amounts? A. No, because it is contingent in long term and speculative. Q. But at some point if it is forgiven would that be – would that be an event that would be disclosed to the auditor? A. Sure. Q. Okay. So is it fair to say that all loans that were deemed to be material to the extent they were forgiven were disclosed to the auditors?	Page 427
2 3 4 5 6 7 8 9 10 11 12 13 14 15	DONDERO - 10/29/21 Highland's server. The only thing I can think of that we might owe you is there might be a few additional names to list in the interrogatory, and I will check whether that has been done. MR. MORRIS: Okay. Q. Mr. Dondero, you sign management representation letters in connection with Highland's audit each year; is that right? A. Yes. Q. Do you understand that you have an obligation when you sign the management representation to disclose to the auditor all agreements with affiliated entities and people	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15	Q. And would that include any agreements to forgive loans that were deemed to be material amounts? A. No, because it is contingent in long term and speculative. Q. But at some point if it is forgiven would that be – would that be an event that would be disclosed to the auditor? A. Sure. Q. Okay. So is it fair to say that all loans that were deemed to be material to the extent they were forgiven were disclosed to the auditors? A. Yes. Q. Okay.	Page 427
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	DONDERO - 10/29/21 Highland's server. The only thing I can think of that we might owe you is there might be a few additional names to list in the interrogatory, and I will check whether that has been done. MR. MORRIS: Okay. Q. Mr. Dondero, you sign management representation letters in connection with Highland's audit each year; is that right? A. Yes. Q. Do you understand that you have an obligation when you sign the management representation to disclose to the auditor all agreements with affiliated entities and people that are deemed to be material?	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	Q. And would that include any agreements to forgive loans that were deemed to be material amounts? A. No, because it is contingent in long term and speculative. Q. But at some point if it is forgiven would that be – would that be an event that would be disclosed to the auditor? A. Sure. Q. Okay. So is it fair to say that all loans that were deemed to be material to the extent they were forgiven were disclosed to the auditors? A. Yes. Q. Okay. A. But, yeah, the only caveat I would	Page 427
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	DONDERO - 10/29/21 Highland's server. The only thing I can think of that we might owe you is there might be a few additional names to list in the interrogatory, and I will check whether that has been done. MR. MORRIS: Okay. Q. Mr. Dondero, you sign management representation letters in connection with Highland's audit each year; is that right? A. Yes. Q. Do you understand that you have an obligation when you sign the management representation to disclose to the auditor all agreements with affiliated entities and people that are deemed to be material? MS. DEITSCH-PEREZ: Object to the form.	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Q. And would that include any agreements to forgive loans that were deemed to be material amounts? A. No, because it is contingent in long term and speculative. Q. But at some point if it is forgiven would that be – would that be an event that would be disclosed to the auditor? A. Sure. Q. Okay. So is it fair to say that all loans that were deemed to be material to the extent they were forgiven were disclosed to the auditors? A. Yes. Q. Okay. A. But, yeah, the only caveat I would put on it is we have such limited information	Page 427
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	DONDERO - 10/29/21 Highland's server. The only thing I can think of that we might owe you is there might be a few additional names to list in the interrogatory, and I will check whether that has been done. MR. MORRIS: Okay. Q. Mr. Dondero, you sign management representation letters in connection with Highland's audit each year; is that right? A. Yes. Q. Do you understand that you have an obligation when you sign the management representation to disclose to the auditor all agreements with affiliated entities and people that are deemed to be material? MS. DEITSCH-PEREZ: Object to the form. A. Generally, yes.	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	Q. And would that include any agreements to forgive loans that were deemed to be material amounts? A. No, because it is contingent in long term and speculative. Q. But at some point if it is forgiven would that be – would that be an event that would be disclosed to the auditor? A. Sure. Q. Okay. So is it fair to say that all loans that were deemed to be material to the extent they were forgiven were disclosed to the auditors? A. Yes. Q. Okay. A. But, yeah, the only caveat I would put on it is we have such limited information regarding Cornerstone and Trust Life, which is	Page 427
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	DONDERO - 10/29/21 Highland's server. The only thing I can think of that we might owe you is there might be a few additional names to list in the interrogatory, and I will check whether that has been done. MR. MORRIS: Okay. Q. Mr. Dondero, you sign management representation letters in connection with Highland's audit each year; is that right? A. Yes. Q. Do you understand that you have an obligation when you sign the management representation to disclose to the auditor all agreements with affiliated entities and people that are deemed to be material? MS. DEITSCH-PEREZ: Object to the form. A. Generally, yes. Q. Okay. And is it your understanding	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Q. And would that include any agreements to forgive loans that were deemed to be material amounts? A. No, because it is contingent in long term and speculative. Q. But at some point if it is forgiven would that be – would that be an event that would be disclosed to the auditor? A. Sure. Q. Okay. So is it fair to say that all loans that were deemed to be material to the extent they were forgiven were disclosed to the auditors? A. Yes. Q. Okay. A. But, yeah, the only caveat I would put on it is we have such limited information regarding Comerstone and Trust Life, which is part of my agreement with the Dugaboy trustee	Page 427
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	DONDERO - 10/29/21 Highland's server. The only thing I can think of that we might owe you is there might be a few additional names to list in the interrogatory, and I will check whether that has been done. MR. MORRIS: Okay. Q. Mr. Dondero, you sign management representation letters in connection with Highland's audit each year; is that right? A. Yes. Q. Do you understand that you have an obligation when you sign the management representation to disclose to the auditor all agreements with affiliated entities and people that are deemed to be material? MS. DEITSCH-PEREZ: Object to the form. A. Generally, yes. Q. Okay. And is it your understanding that at least since 2008 Highland has disclosed	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. And would that include any agreements to forgive loans that were deemed to be material amounts? A. No, because it is contingent in long term and speculative. Q. But at some point if it is forgiven would that be – would that be an event that would be disclosed to the auditor? A. Sure. Q. Okay. So is it fair to say that all loans that were deemed to be material to the extent they were forgiven were disclosed to the auditors? A. Yes. Q. Okay. A. But, yeah, the only caveat I would put on it is we have such limited information regarding Cornerstone and Trust Life, which is part of my agreement with the Dugaboy trustee or with the majority of class A holders.	Page 427
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	DONDERO - 10/29/21 Highland's server. The only thing I can think of that we might owe you is there might be a few additional names to list in the interrogatory, and I will check whether that has been done. MR. MORRIS: Okay. Q. Mr. Dondero, you sign management representation letters in connection with Highland's audit each year; is that right? A. Yes. Q. Do you understand that you have an obligation when you sign the management representation to disclose to the auditor all agreements with affiliated entities and people that are deemed to be material? MS. DEITSCH-PEREZ: Object to the form. A. Generally, yes. Q. Okay. And is it your understanding that at least since 2008 Highland has disclosed to its auditors all agreements with affiliates	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. And would that include any agreements to forgive loans that were deemed to be material amounts? A. No, because it is contingent in long term and speculative. Q. But at some point if it is forgiven would that be – would that be an event that would be disclosed to the auditor? A. Sure. Q. Okay. So is it fair to say that all loans that were deemed to be material to the extent they were forgiven were disclosed to the auditors? A. Yes. Q. Okay. A. But, yeah, the only caveat I would put on it is we have such limited information regarding Cornerstone and Trust Life, which is part of my agreement with the Dugaboy trustee or with the majority of class A holders. They could have been sold in	Page 427
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	DONDERO - 10/29/21 Highland's server. The only thing I can think of that we might owe you is there might be a few additional names to list in the interrogatory, and I will check whether that has been done. MR. MORRIS: Okay. Q. Mr. Dondero, you sign management representation letters in connection with Highland's audit each year; is that right? A. Yes. Q. Do you understand that you have an obligation when you sign the management representation to disclose to the auditor all agreements with affiliated entities and people that are deemed to be material? MS. DEITSCH-PEREZ: Object to the form. A. Generally, yes. Q. Okay. And is it your understanding that at least since 2008 Highland has disclosed to its auditors all agreements with affiliates that are material, as defined in the management	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. And would that include any agreements to forgive loans that were deemed to be material amounts? A. No, because it is contingent in long term and speculative. Q. But at some point if it is forgiven would that be – would that be an event that would be disclosed to the auditor? A. Sure. Q. Okay. So is it fair to say that all loans that were deemed to be material to the extent they were forgiven were disclosed to the auditors? A. Yes. Q. Okay. A. But, yeah, the only caveat I would put on it is we have such limited information regarding Cornerstone and Trust Life, which is part of my agreement with the Dugaboy trustee or with the majority of class A holders. They could have been sold in secrecy, without disclosure to us, such that	Page 427
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	DONDERO - 10/29/21 Highland's server. The only thing I can think of that we might owe you is there might be a few additional names to list in the interrogatory, and I will check whether that has been done. MR. MORRIS: Okay. Q. Mr. Dondero, you sign management representation letters in connection with Highland's audit each year; is that right? A. Yes. Q. Do you understand that you have an obligation when you sign the management representation to disclose to the auditor all agreements with affiliated entities and people that are deemed to be material? MS. DEITSCH-PEREZ: Object to the form. A. Generally, yes. Q. Okay. And is it your understanding that at least since 2008 Highland has disclosed to its auditors all agreements with affiliates	1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. And would that include any agreements to forgive loans that were deemed to be material amounts? A. No, because it is contingent in long term and speculative. Q. But at some point if it is forgiven would that be – would that be an event that would be disclosed to the auditor? A. Sure. Q. Okay. So is it fair to say that all loans that were deemed to be material to the extent they were forgiven were disclosed to the auditors? A. Yes. Q. Okay. A. But, yeah, the only caveat I would put on it is we have such limited information regarding Cornerstone and Trust Life, which is part of my agreement with the Dugaboy trustee or with the majority of class A holders. They could have been sold in secrecy, without disclosure to us, such that the notes are all forgiven at this point, but	Page 427

Page 428	1	DONDERO - 10/29/21	Page 429
2 Q. So you can't rely on anything that	2	Q. So then – so then it – so is it	
3 you don't know; is that fair?		fair to say, sir, that when you are describing	
4 A. Yeah.		this practice of forgiveness of loans, you are	
5 MS. DEITSCH-PEREZ: Objection to		doing so without having reviewed any of the	
6 form.		audited financial statements that Highland	
7 A. Yeah, we can't rely on things we		provided to your attorneys going back to 2008?	
8 don't know and we can't rely on the debtor to	8	MS. DEITSCH-PEREZ: Object to the	
9 be honorable.	9	form.	
10 Q. Well, the debtor has produced to	10	A. What I'm saying, I guess, is that we	
11 you, sir, every single audited financial	11	haven't treated the loans as forgiven yet	
12 statement without redaction since 2008. Are	12	because if the condition precedent has been	
13 you aware of that?	13	satisfied, we're not aware of it yet.	
14 A. That is actually news to me because	14	Now, if there is something in those	
15 we were asking for them a couple of months ago.	15	financial statements that will show that the	
16 That must be – that must be a new production.		condition precedent is satisfied, then we have	
17 Q. No. Actually, it was produced to	17	a decision to make about the – or figure out	
18 you way back in July. You are not aware of		what the mechanism is for forgiving the loans.	
19 that?	19	Q. Are you saying that there are loans	
20 A. No, I'm looking –		out there subject to forgiveness where the	
21 MS. DEITSCH-PEREZ: Hang on.	21	maker is somebody other than you or an entity	
22 A. I'm looking at Deborah. She'll –	22	that you control?	
23 MS. DEITSCH-PEREZ: I will get the	23	A. No, I'm just – I'm talking about	
24 date.		the 50 million of loans that we've been talking	
25 A. Yeah. I would love to see them.		about.	
Zo A. Tean. I would love to see them.	20	about.	
Page 430	1	DONDERO - 10/29/21	Page 431
1 DONDERO - 10/29/21	1 2	DONDERO - 10/29/21	Page 431
1 DONDERO - 10/29/21 2 Q. Okay. So – so I just want to go	2	form.	Page 431
1 DONDERO - 10/29/21 2 Q. Okay. So – so I just want to go 3 back and focus on your assertion that there was	2 3	form. A. Well, what I'm saying, just to be	Page 431
1 DONDERO - 10/29/21 2 Q. Okay. So – so I just want to go 3 back and focus on your assertion that there was 4 this practice of loan forgiveness. I think you	2 3 4	form. A. Well, what I'm saying, just to be clear, is I haven't looked at the presentation	Page 431
1 DONDERO - 10/29/21 2 Q. Okay. So – so I just want to go 3 back and focus on your assertion that there was 4 this practice of loan forgiveness. I think you 5 have agreed with me that any loan that was	2 3 4 5	form. A. Well, what I'm saying, just to be clear, is I haven't looked at the presentation of forgiven loans in the historic financials	Page 431
1 DONDERO - 10/29/21 2 Q. Okay. So – so I just want to go 3 back and focus on your assertion that there was 4 this practice of loan forgiveness. I think you 5 have agreed with me that any loan that was 6 forgiven in a material amount would be	2 3 4 5 6	form. A. Well, what I'm saying, just to be clear, is I haven't looked at the presentation of forgiven loans in the historic financials because I was unaware that we had gotten	Page 431
DONDERO - 10/29/21 Q. Okay. So – so I just want to go back and focus on your assertion that there was this practice of loan forgiveness. I think you have agreed with me that any loan that was forgiven in a material amount would be contained within the Highland audited financial	2 3 4 5 6 7	form. A. Well, what I'm saying, just to be clear, is I haven't looked at the presentation of forgiven loans in the historic financials because I was unaware that we had gotten historic financials, but I am testifying that	Page 431
DONDERO - 10/29/21 Q. Okay. So – so I just want to go back and focus on your assertion that there was this practice of loan forgiveness. I think you have agreed with me that any loan that was forgiven in a material amount would be contained within the Highland audited financial statements; right?	2 3 4 5 6 7 8	form. A. Well, what I'm saying, just to be clear, is I haven't looked at the presentation of forgiven loans in the historic financials because I was unaware that we had gotten historic financials, but I am testifying that we had amassed at least a dozen, 15 material	Page 431
DONDERO - 10/29/21 Q. Okay. So – so I just want to go back and focus on your assertion that there was this practice of loan forgiveness. I think you have agreed with me that any loan that was forgiven in a material amount would be contained within the Highland audited financial statements; right? A. I believe they – material or not,	2 3 4 5 6 7 8 9	form. A. Well, what I'm saying, just to be clear, is I haven't looked at the presentation of forgiven loans in the historic financials because I was unaware that we had gotten historic financials, but I am testifying that we had amassed at least a dozen, 15 material examples of material loan forgiveness amounts	Page 431
DONDERO - 10/29/21 Q. Okay. So – so I just want to go back and focus on your assertion that there was this practice of loan forgiveness. I think you have agreed with me that any loan that was forgiven in a material amount would be contained within the Highland audited financial statements; right? A. I believe they – material or not, they were all included in the Highland	2 3 4 5 6 7 8 9	form. A. Well, what I'm saying, just to be clear, is I haven't looked at the presentation of forgiven loans in the historic financials because I was unaware that we had gotten historic financials, but I am testifying that we had amassed at least a dozen, 15 material examples of material loan forgiveness amounts to different executives.	Page 431
DONDERO - 10/29/21 Q. Okay. So – so I just want to go back and focus on your assertion that there was this practice of loan forgiveness. I think you have agreed with me that any loan that was forgiven in a material amount would be contained within the Highland audited financial statements; right? A. I believe they – material or not, they were all included in the Highland financials. Now, they might not have been	2 3 4 5 6 7 8 9 10	form. A. Well, what I'm saying, just to be clear, is I haven't looked at the presentation of forgiven loans in the historic financials because I was unaware that we had gotten historic financials, but I am testifying that we had amassed at least a dozen, 15 material examples of material loan forgiveness amounts to different executives. Q. All right. Do you have any	Page 431
DONDERO - 10/29/21 Q. Okay. So – so I just want to go back and focus on your assertion that there was this practice of loan forgiveness. I think you have agreed with me that any loan that was forgiven in a material amount would be contained within the Highland audited financial statements; right? A. I believe they – material or not, they were all included in the Highland financials. Now, they might not have been specifically footnoted, you know.	2 3 4 5 6 7 8 9 10 11	form. A. Well, what I'm saying, just to be clear, is I haven't looked at the presentation of forgiven loans in the historic financials because I was unaware that we had gotten historic financials, but I am testifying that we had amassed at least a dozen, 15 material examples of material loan forgiveness amounts to different executives. Q. All right. Do you have any documentation to support your assertion of the	Page 431
DONDERO - 10/29/21 Q. Okay. So – so I just want to go back and focus on your assertion that there was this practice of loan forgiveness. I think you have agreed with me that any loan that was forgiven in a material amount would be contained within the Highland audited financial statements; right? A. I believe they – material or not, they were all included in the Highland financials. Now, they might not have been specifically footnoted, you know. Like in other words, if we gave	2 3 4 5 6 7 8 9 10 11 12 13	form. A. Well, what I'm saying, just to be clear, is I haven't looked at the presentation of forgiven loans in the historic financials because I was unaware that we had gotten historic financials, but I am testifying that we had amassed at least a dozen, 15 material examples of material loan forgiveness amounts to different executives. Q. All right. Do you have any documentation to support your assertion of the practice of forgiving loans at Highland?	Page 431
DONDERO - 10/29/21 Q. Okay. So – so I just want to go back and focus on your assertion that there was this practice of loan forgiveness. I think you have agreed with me that any loan that was forgiven in a material amount would be contained within the Highland audited financial statements; right? A. I believe they – material or not, they were all included in the Highland financials. Now, they might not have been specifically footnoted, you know. Like in other words, if we gave somebody half a million bucks to relocate and	2 3 4 5 6 7 8 9 10 11 12 13 14	form. A. Well, what I'm saying, just to be clear, is I haven't looked at the presentation of forgiven loans in the historic financials because I was unaware that we had gotten historic financials, but I am testifying that we had amassed at least a dozen, 15 material examples of material loan forgiveness amounts to different executives. Q. All right. Do you have any documentation to support your assertion of the practice of forgiving loans at Highland? A. Again, we have very, very little	Page 431
DONDERO - 10/29/21 Q. Okay. So – so I just want to go back and focus on your assertion that there was this practice of loan forgiveness. I think you have agreed with me that any loan that was forgiven in a material amount would be contained within the Highland audited financial statements; right? A. I believe they – material or not, they were all included in the Highland financials. Now, they might not have been specifically footnoted, you know. Like in other words, if we gave somebody half a million bucks to relocate and then forgave the loan, it might just be mixed	2 3 4 5 6 7 8 9 10 11 12 13 14 15	form. A. Well, what I'm saying, just to be clear, is I haven't looked at the presentation of forgiven loans in the historic financials because I was unaware that we had gotten historic financials, but I am testifying that we had amassed at least a dozen, 15 material examples of material loan forgiveness amounts to different executives. Q. All right. Do you have any documentation to support your assertion of the practice of forgiving loans at Highland? A. Again, we have very, very little access to anything, and we didn't take anything	Page 431
DONDERO - 10/29/21 Q. Okay. So – so I just want to go back and focus on your assertion that there was this practice of loan forgiveness. I think you have agreed with me that any loan that was forgiven in a material amount would be contained within the Highland audited financial statements; right? A. I believe they – material or not, they were all included in the Highland financials. Now, they might not have been specifically footnoted, you know. Like in other words, if we gave somebody half a million bucks to relocate and then forgave the loan, it might just be mixed with all other compensation in the line item.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	form. A. Well, what I'm saying, just to be clear, is I haven't looked at the presentation of forgiven loans in the historic financials because I was unaware that we had gotten historic financials, but I am testifying that we had amassed at least a dozen, 15 material examples of material loan forgiveness amounts to different executives. Q. All right. Do you have any documentation to support your assertion of the practice of forgiving loans at Highland? A. Again, we have very, very little access to anything, and we didn't take anything with us that we weren't supposed to take, so we	Page 431
DONDERO - 10/29/21 Q. Okay. So – so I just want to go back and focus on your assertion that there was this practice of loan forgiveness. I think you have agreed with me that any loan that was forgiven in a material amount would be contained within the Highland audited financial statements; right? A. I believe they – material or not, they were all included in the Highland financials. Now, they might not have been specifically footnoted, you know. Like in other words, if we gave somebody half a million bucks to relocate and then forgave the loan, it might just be mixed with all other compensation in the line item. It might not have been listed separately	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	form. A. Well, what I'm saying, just to be clear, is I haven't looked at the presentation of forgiven loans in the historic financials because I was unaware that we had gotten historic financials, but I am testifying that we had amassed at least a dozen, 15 material examples of material loan forgiveness amounts to different executives. Q. All right. Do you have any documentation to support your assertion of the practice of forgiving loans at Highland? A. Again, we have very, very little access to anything, and we didn't take anything with us that we weren't supposed to take, so we don't have any of that documentation.	Page 431
DONDERO - 10/29/21 Q. Okay. So – so I just want to go back and focus on your assertion that there was this practice of loan forgiveness. I think you have agreed with me that any loan that was forgiven in a material amount would be contained within the Highland audited financial statements; right? A. I believe they – material or not, they were all included in the Highland financials. Now, they might not have been specifically footnoted, you know. Like in other words, if we gave somebody half a million bucks to relocate and then forgave the loan, it might just be mixed with all other compensation in the line item. It might not have been listed separately because it would have been small relative to	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	form. A. Well, what I'm saying, just to be clear, is I haven't looked at the presentation of forgiven loans in the historic financials because I was unaware that we had gotten historic financials, but I am testifying that we had amassed at least a dozen, 15 material examples of material loan forgiveness amounts to different executives. Q. All right. Do you have any documentation to support your assertion of the practice of forgiving loans at Highland? A. Again, we have very, very little access to anything, and we didn't take anything with us that we weren't supposed to take, so we don't have any of that documentation. At NexBank, one of the sister	Page 431
DONDERO - 10/29/21 Q. Okay. So – so I just want to go back and focus on your assertion that there was this practice of loan forgiveness. I think you have agreed with me that any loan that was forgiven in a material amount would be contained within the Highland audited financial statements; right? A. I believe they – material or not, they were all included in the Highland financials. Now, they might not have been specifically footnoted, you know. Like in other words, if we gave somebody half a million bucks to relocate and then forgave the loan, it might just be mixed with all other compensation in the line item. It might not have been listed separately because it would have been small relative to the overall financial statement.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	form. A. Well, what I'm saying, just to be clear, is I haven't looked at the presentation of forgiven loans in the historic financials because I was unaware that we had gotten historic financials, but I am testifying that we had amassed at least a dozen, 15 material examples of material loan forgiveness amounts to different executives. Q. All right. Do you have any documentation to support your assertion of the practice of forgiving loans at Highland? A. Again, we have very, very little access to anything, and we didn't take anything with us that we weren't supposed to take, so we don't have any of that documentation. At NexBank, one of the sister companies that we still have full control over	Page 431
DONDERO - 10/29/21 Q. Okay. So – so I just want to go back and focus on your assertion that there was this practice of loan forgiveness. I think you have agreed with me that any loan that was forgiven in a material amount would be contained within the Highland audited financial statements; right? A. I believe they – material or not, they were all included in the Highland financials. Now, they might not have been specifically footnoted, you know. Like in other words, if we gave somebody half a million bucks to relocate and then forgave the loan, it might just be mixed with all other compensation in the line item. It might not have been listed separately because it would have been small relative to the overall financial statement. Q. But you're just speculating right	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	form. A. Well, what I'm saying, just to be clear, is I haven't looked at the presentation of forgiven loans in the historic financials because I was unaware that we had gotten historic financials, but I am testifying that we had amassed at least a dozen, 15 material examples of material loan forgiveness amounts to different executives. Q. All right. Do you have any documentation to support your assertion of the practice of forgiving loans at Highland? A. Again, we have very, very little access to anything, and we didn't take anything with us that we weren't supposed to take, so we don't have any of that documentation. At NexBank, one of the sister companies that we still have full control over our records, we could show seven-figure-plus	Page 431
DONDERO - 10/29/21 Q. Okay. So – so I just want to go back and focus on your assertion that there was this practice of loan forgiveness. I think you have agreed with me that any loan that was forgiven in a material amount would be contained within the Highland audited financial statements; right? A. I believe they – material or not, they were all included in the Highland financials. Now, they might not have been specifically footnoted, you know. Like in other words, if we gave somebody half a million bucks to relocate and then forgave the loan, it might just be mixed with all other compensation in the line item. It might not have been listed separately because it would have been small relative to the overall financial statement. Q. But you're just speculating right now because, in fact, you haven't read the	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	form. A. Well, what I'm saying, just to be clear, is I haven't looked at the presentation of forgiven loans in the historic financials because I was unaware that we had gotten historic financials, but I am testifying that we had amassed at least a dozen, 15 material examples of material loan forgiveness amounts to different executives. Q. All right. Do you have any documentation to support your assertion of the practice of forgiving loans at Highland? A. Again, we have very, very little access to anything, and we didn't take anything with us that we weren't supposed to take, so we don't have any of that documentation. At NexBank, one of the sister companies that we still have full control over our records, we could show seven-figure-plus loans to senior management and the entire board	Page 431
DONDERO - 10/29/21 Q. Okay. So – so I just want to go back and focus on your assertion that there was this practice of loan forgiveness. I think you have agreed with me that any loan that was forgiven in a material amount would be contained within the Highland audited financial statements; right? A. I believe they – material or not, they were all included in the Highland financials. Now, they might not have been specifically footnoted, you know. Like in other words, if we gave somebody half a million bucks to relocate and then forgave the loan, it might just be mixed with all other compensation in the line item. It might not have been listed separately because it would have been small relative to the overall financial statement. Q. But you're just speculating right now because, in fact, you haven't read the audited financial statements for the purpose of	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	form. A. Well, what I'm saying, just to be clear, is I haven't looked at the presentation of forgiven loans in the historic financials because I was unaware that we had gotten historic financials, but I am testifying that we had amassed at least a dozen, 15 material examples of material loan forgiveness amounts to different executives. Q. All right. Do you have any documentation to support your assertion of the practice of forgiving loans at Highland? A. Again, we have very, very little access to anything, and we didn't take anything with us that we weren't supposed to take, so we don't have any of that documentation. At NexBank, one of the sister companies that we still have full control over our records, we could show seven-figure-plus loans to senior management and the entire board of directors and forgiveness thereof as an	Page 431
DONDERO - 10/29/21 Q. Okay. So – so I just want to go back and focus on your assertion that there was this practice of loan forgiveness. I think you have agreed with me that any loan that was forgiven in a material amount would be contained within the Highland audited financial statements; right? A. I believe they – material or not, they were all included in the Highland financials. Now, they might not have been specifically footnoted, you know. Like in other words, if we gave somebody half a million bucks to relocate and then forgave the loan, it might just be mixed with all other compensation in the line item. It might not have been listed separately because it would have been small relative to the overall financial statement. Q. But you're just speculating right now because, in fact, you haven't read the audited financial statements for the purpose of seeing whether or not there were loan – loans	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	form. A. Well, what I'm saying, just to be clear, is I haven't looked at the presentation of forgiven loans in the historic financials because I was unaware that we had gotten historic financials, but I am testifying that we had amassed at least a dozen, 15 material examples of material loan forgiveness amounts to different executives. Q. All right. Do you have any documentation to support your assertion of the practice of forgiving loans at Highland? A. Again, we have very, very little access to anything, and we didn't take anything with us that we weren't supposed to take, so we don't have any of that documentation. At NexBank, one of the sister companies that we still have full control over our records, we could show seven-figure-plus loans to senior management and the entire board of directors and forgiveness thereof as an example, but that — that is the only	Page 431
DONDERO - 10/29/21 Q. Okay. So – so I just want to go back and focus on your assertion that there was this practice of loan forgiveness. I think you have agreed with me that any loan that was forgiven in a material amount would be contained within the Highland audited financial statements; right? A. I believe they – material or not, they were all included in the Highland financials. Now, they might not have been specifically footnoted, you know. Like in other words, if we gave somebody half a million bucks to relocate and then forgave the loan, it might just be mixed with all other compensation in the line item. It might not have been listed separately because it would have been small relative to the overall financial statement. Q. But you're just speculating right now because, in fact, you haven't read the audited financial statements for the purpose of	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	form. A. Well, what I'm saying, just to be clear, is I haven't looked at the presentation of forgiven loans in the historic financials because I was unaware that we had gotten historic financials, but I am testifying that we had amassed at least a dozen, 15 material examples of material loan forgiveness amounts to different executives. Q. All right. Do you have any documentation to support your assertion of the practice of forgiving loans at Highland? A. Again, we have very, very little access to anything, and we didn't take anything with us that we weren't supposed to take, so we don't have any of that documentation. At NexBank, one of the sister companies that we still have full control over our records, we could show seven-figure-plus loans to senior management and the entire board of directors and forgiveness thereof as an	Page 431

Page 432 1 DONDERO - 10/29/21	1 DONDERO - 10/29/21	Page 433
2 guys are keeping from us.	2 under, et cetera, et cetera.	
3 MR. MORRIS: I move to strike the	3 Q. It's certainly disclosed in the	
4 last comment, and I take offense to it,	4 financials when it was forgiven. Will you –	
5 sir. We're not withholding anything, okay.	5 will you concede that point?	
6 Q. Would the NexBank audited financial	6 A. Yes, sure.	
7 statements include a disclosure of the loans	7 Q. Okay. Let's move on.	
	_	
8 that you are describing?	8 Let's go to HCMS. Are you familiar	
9 A. Yes.	9 with the notes at issue in the lawsuit that was	
10 Q. Okay. So is it fair to say that if	10 commenced by Highland against HCMS?	
11 Highland forgave loans, it would be disclosed	11 MS. DEITSCH-PEREZ: S or	
12 in its audited financial statements?	12 A. S as in Services. Yes.	
13 MS. DEITSCH-PEREZ: Object, asked	13 MR. MORRIS: Okay. Can we please	
14 and answered.	14 put up Exhibit 3.	
15 A. Well, just to be clear, these loans	15 (Exhibit 3 marked.)	
16 like the one up on the sheet, those were	16 MS. DEITSCH-PEREZ: Is that in the	
17 included in Highland's financials, those loans,	17 binder that you sent?	
18 just like the NexBank loans, when they were	18 MR. MORRIS: Yes, as Exhibit 3.	
19 made to senior executives were included. But	19 MS. DEITSCH-PEREZ: Okay.	
20 there wasn't a – at NexBank there wasn't any	20 MR. MORRIS: And if we could go to	
21 kind of disclosure that said, these might be	21 the Exhibits 1 through 4, okay.	
22 forgiven, or these are the terms that they	22 Q. Sir, we've put up on the screen	
23 would be forgiven under, just like there was no	23 Exhibit 1 to Exhibit 3, which is the complaint	
24 disclosure in the Highland financials that	24 against HCMS. Do you see Exhibit 1 up on your	
25 these are the terms that it might be forgiven	25 screen?	
Page 434		Page 435
Page 434 1 DONDERO - 10/29/21	1 DONDERO - 10/29/21	Page 435
Page 434 1 DONDERO - 10/29/21 2 A. Yeah. This is the \$150,000	1 DONDERO - 10/29/21 2 Q. Did HCMS receive a loan from	Page 435
Page 434 1 DONDERO - 10/29/21 2 A. Yeah. This is the \$150,000 3 promissory note; is that what that is?	1 DONDERO - 10/29/21 2 Q. Did HCMS receive a loan from 3 Highland in the amount of \$150,000 on March	Page 435
1 DONDERO - 10/29/21 2 A. Yeah. This is the \$150,000 3 promissory note; is that what that is? 4 Q. Yes, sir.	1 DONDERO - 10/29/21 2 Q. Did HCMS receive a loan from 3 Highland in the amount of \$150,000 on March 4 28th, 2018?	Page 435
Page 434 1 DONDERO - 10/29/21 2 A. Yeah. This is the \$150,000 3 promissory note; is that what that is? 4 Q. Yes, sir. 5 A. Okay. As long as I can see it on	1 DONDERO - 10/29/21 2 Q. Did HCMS receive a loan from 3 Highland in the amount of \$150,000 on March 4 28th, 2018? 5 A. I assume so.	Page 435
Page 434 DONDERO - 10/29/21 A. Yeah. This is the \$150,000 promissory note; is that what that is? Q. Yes, sir. A. Okay. As long as I can see it on the screen, I don't need to find it in hard	1 DONDERO - 10/29/21 2 Q. Did HCMS receive a loan from 3 Highland in the amount of \$150,000 on March 4 28th, 2018? 5 A. Lassume so. 6 Q. Okay. You wouldn't have either	Page 435
Page 434 DONDERO - 10/29/21 A. Yeah. This is the \$150,000 promissory note; is that what that is? Q. Yes, sir. A. Okay. As long as I can see it on the screen, I don't need to find it in hard copy, do I?	1 DONDERO - 10/29/21 2 Q. Did HCMS receive a loan from 3 Highland in the amount of \$150,000 on March 4 28th, 2018? 5 A. I assume so. 6 Q. Okay. You wouldn't have either 7 signed or allowed your signature to be affixed	Page 435
Page 434 DONDERO - 10/29/21 A. Yeah. This is the \$150,000 promissory note; is that what that is? Q. Yes, sir. A. Okay. As long as I can see it on the screen, I don't need to find it in hard copy, do I? MS. DEITSCH-PEREZ: Yeah.	1 DONDERO - 10/29/21 2 Q. Did HCMS receive a loan from 3 Highland in the amount of \$150,000 on March 4 28th, 2018? 5 A. I assume so. 6 Q. Okay. You wouldn't have either 7 signed or allowed your signature to be affixed 8 to this document if you didn't understand that	Page 435
Page 434 DONDERO - 10/29/21 A. Yeah. This is the \$150,000 promissory note; is that what that is? Q. Yes, sir. A. Okay. As long as I can see it on the screen, I don't need to find it in hard copy, do I? MS. DEITSCH-PEREZ: Yeah. MR. MORRIS: Can you scroll to the	1 DONDERO - 10/29/21 2 Q. Did HCMS receive a loan from 3 Highland in the amount of \$150,000 on March 4 28th, 2018? 5 A. Lassume so. 6 Q. Okay. You wouldn't have either 7 signed or allowed your signature to be affixed 8 to this document if you didn't understand that 9 HCMS had received from Highland \$150,000;	Page 435
Page 434 DONDERO - 10/29/21 A. Yeah. This is the \$150,000 promissory note; is that what that is? Q. Yes, sir. A. Okay. As long as I can see it on the screen, I don't need to find it in hard copy, do I? MS. DEITSCH-PEREZ: Yeah. MR. MORRIS: Can you scroll to the second page, PJ.	1 DONDERO - 10/29/21 2 Q. Did HCMS receive a loan from 3 Highland in the amount of \$150,000 on March 4 28th, 2018? 5 A. I assume so. 6 Q. Okay. You wouldn't have either 7 signed or allowed your signature to be affixed 8 to this document if you didn't understand that 9 HCMS had received from Highland \$150,000; 10 correct?	Page 435
1 DONDERO - 10/29/21 2 A. Yeah. This is the \$150,000 3 promissory note; is that what that is? 4 Q. Yes, sir. 5 A. Okay. As long as I can see it on 6 the screen, I don't need to find it in hard 7 copy, do I? 8 MS. DEITSCH-PEREZ: Yeah. 9 MR. MORRIS: Can you scroll to the 10 second page, PJ. 11 Q. Is that your signature, sir?	1 DONDERO - 10/29/21 2 Q. Did HCMS receive a loan from 3 Highland in the amount of \$150,000 on March 4 28th, 2018? 5 A. I assume so. 6 Q. Okay. You wouldn't have either 7 signed or allowed your signature to be affixed 8 to this document if you didn't understand that 9 HCMS had received from Highland \$150,000; 10 correct? 11 A. This is one of the many things I	Page 435
Page 434 DONDERO - 10/29/21 A. Yeah. This is the \$150,000 promissory note; is that what that is? Q. Yes, sir. A. Okay. As long as I can see it on the screen, I don't need to find it in hard copy, do I? MS. DEITSCH-PEREZ: Yeah. MR. MORRIS: Can you scroll to the second page, PJ. Q. Is that your signature, sir? A. Close.	DONDERO - 10/29/21 Q. Did HCMS receive a loan from Highland in the amount of \$150,000 on March Research Researc	Page 435
1 DONDERO - 10/29/21 2 A. Yeah. This is the \$150,000 3 promissory note; is that what that is? 4 Q. Yes, sir. 5 A. Okay. As long as I can see it on 6 the screen, I don't need to find it in hard 7 copy, do I? 8 MS. DEITSCH-PEREZ: Yeah. 9 MR. MORRIS: Can you scroll to the 10 second page, PJ. 11 Q. Is that your signature, sir? 12 A. Close. 13 Q. Are you aware that your signature is	1 DONDERO - 10/29/21 2 Q. Did HCMS receive a loan from 3 Highland in the amount of \$150,000 on March 4 28th, 2018? 5 A. I assume so. 6 Q. Okay. You wouldn't have either 7 signed or allowed your signature to be affixed 8 to this document if you didn't understand that 9 HCMS had received from Highland \$150,000; 10 correct? 11 A. This is one of the many things I 12 would have signed on a given day. 13 Q. Okay. And – and are you aware that	Page 435
1 DONDERO - 10/29/21 2 A. Yeah. This is the \$150,000 3 promissory note; is that what that is? 4 Q. Yes, sir. 5 A. Okay. As long as I can see it on 6 the screen, I don't need to find it in hard 7 copy, do I? 8 MS. DEITSCH-PEREZ: Yeah. 9 MR. MORRIS: Can you scroll to the 10 second page, PJ. 11 Q. Is that your signature, sir? 12 A. Close. 13 Q. Are you aware that your signature is 14 affixed to a \$150,000 promissory note that was	1 DONDERO - 10/29/21 2 Q. Did HCMS receive a loan from 3 Highland in the amount of \$150,000 on March 4 28th, 2018? 5 A. I assume so. 6 Q. Okay. You wouldn't have either 7 signed or allowed your signature to be affixed 8 to this document if you didn't understand that 9 HCMS had received from Highland \$150,000; 10 correct? 11 A. This is one of the many things I 12 would have signed on a given day. 13 Q. Okay. And – and are you aware that 14 this note was given to Highland's auditors?	Page 435
1 DONDERO - 10/29/21 2 A. Yeah. This is the \$150,000 3 promissory note; is that what that is? 4 Q. Yes, sir. 5 A. Okay. As long as I can see it on 6 the screen, I don't need to find it in hard 7 copy, do I? 8 MS. DEITSCH-PEREZ: Yeah. 9 MR. MORRIS: Can you scroll to the 10 second page, PJ. 11 Q. Is that your signature, sir? 12 A. Close. 13 Q. Are you aware that your signature is	1 DONDERO - 10/29/21 2 Q. Did HCMS receive a loan from 3 Highland in the amount of \$150,000 on March 4 28th, 2018? 5 A. I assume so. 6 Q. Okay. You wouldn't have either 7 signed or allowed your signature to be affixed 8 to this document if you didn't understand that 9 HCMS had received from Highland \$150,000; 10 correct? 11 A. This is one of the many things I 12 would have signed on a given day. 13 Q. Okay. And – and are you aware that	Page 435
1 DONDERO - 10/29/21 2 A. Yeah. This is the \$150,000 3 promissory note; is that what that is? 4 Q. Yes, sir. 5 A. Okay. As long as I can see it on 6 the screen, I don't need to find it in hard 7 copy, do I? 8 MS. DEITSCH-PEREZ: Yeah. 9 MR. MORRIS: Can you scroll to the 10 second page, PJ. 11 Q. Is that your signature, sir? 12 A. Close. 13 Q. Are you aware that your signature is 14 affixed to a \$150,000 promissory note that was	DONDERO - 10/29/21 Q. Did HCMS receive a loan from Highland in the amount of \$150,000 on March 28th, 2018? A. I assume so. Q. Okay. You wouldn't have either signed or allowed your signature to be affixed to this document if you didn't understand that HCMS had received from Highland \$150,000; correct? A. This is one of the many things I would have signed on a given day. Q. Okay. And – and are you aware that this note was given to Highland's auditors?	Page 435
Page 434 1 DONDERO - 10/29/21 2 A. Yeah. This is the \$150,000 3 promissory note; is that what that is? 4 Q. Yes, sir. 5 A. Okay. As long as I can see it on 6 the screen, I don't need to find it in hard 7 copy, do I? 8 MS. DEITSCH-PEREZ: Yeah. 9 MR. MORRIS: Can you scroll to the 10 second page, PJ. 11 Q. Is that your signature, sir? 12 A. Close. 13 Q. Are you aware that your signature is 14 affixed to a \$150,000 promissory note that was 15 made by HCMS to Highland Capital Management?	DONDERO - 10/29/21 Q. Did HCMS receive a loan from Highland in the amount of \$150,000 on March Results and Daniel Street	Page 435
1 DONDERO - 10/29/21 2 A. Yeah. This is the \$150,000 3 promissory note; is that what that is? 4 Q. Yes, sir. 5 A. Okay. As long as I can see it on 6 the screen, I don't need to find it in hard 7 copy, do I? 8 MS. DEITSCH-PEREZ: Yeah. 9 MR. MORRIS: Can you scroll to the 10 second page, PJ. 11 Q. Is that your signature, sir? 12 A. Close. 13 Q. Are you aware that your signature is 14 affixed to a \$150,000 promissory note that was 15 made by HCMS to Highland Capital Management? 16 A. Like I said —	1 DONDERO - 10/29/21 2 Q. Did HCMS receive a loan from 3 Highland in the amount of \$150,000 on March 4 28th, 2018? 5 A. I assume so. 6 Q. Okay. You wouldn't have either 7 signed or allowed your signature to be affixed 8 to this document if you didn't understand that 9 HCMS had received from Highland \$150,000; 10 correct? 11 A. This is one of the many things I 12 would have signed on a given day. 13 Q. Okay. And — and are you aware that 14 this note was given to Highland's auditors? 15 A. It could. I'm not aware 16 specifically, but it should be.	Page 435
1 DONDERO - 10/29/21 2 A. Yeah. This is the \$150,000 3 promissory note; is that what that is? 4 Q. Yes, sir. 5 A. Okay. As long as I can see it on 6 the screen, I don't need to find it in hard 7 copy, do I? 8 MS. DEITSCH-PEREZ: Yeah. 9 MR. MORRIS: Can you scroll to the 10 second page, PJ. 11 Q. Is that your signature, sir? 12 A. Close. 13 Q. Are you aware that your signature is 14 affixed to a \$150,000 promissory note that was 15 made by HCMS to Highland Capital Management? 16 A. Like I said — 17 MS. DEITSCH-PEREZ: Objection, form.	1 DONDERO - 10/29/21 2 Q. Did HCMS receive a loan from 3 Highland in the amount of \$150,000 on March 4 28th, 2018? 5 A. I assume so. 6 Q. Okay. You wouldn't have either 7 signed or allowed your signature to be affixed 8 to this document if you didn't understand that 9 HCMS had received from Highland \$150,000; 10 correct? 11 A. This is one of the many things I 12 would have signed on a given day. 13 Q. Okay. And – and are you aware that 14 this note was given to Highland's auditors? 15 A. It could. I'm not aware 16 specifically, but it should be. 17 Q. Okay. Do you have any recollection	Page 435
1 DONDERO - 10/29/21 2 A. Yeah. This is the \$150,000 3 promissory note; is that what that is? 4 Q. Yes, sir. 5 A. Okay. As long as I can see it on 6 the screen, I don't need to find it in hard 7 copy, do I? 8 MS. DEITSCH-PEREZ: Yeah. 9 MR. MORRIS: Can you scroll to the 10 second page, PJ. 11 Q. Is that your signature, sir? 12 A. Close. 13 Q. Are you aware that your signature is 14 affixed to a \$150,000 promissory note that was 15 made by HCMS to Highland Capital Management? 16 A. Like I said — 17 MS. DEITSCH-PEREZ: Objection, form. 18 A. Like I said, it's close. I don't 19 know if that is mine, but it's close.	DONDERO - 10/29/21 Q. Did HCMS receive a loan from Highland in the amount of \$150,000 on March 28th, 2018? A. I assume so. Q. Okay. You wouldn't have either signed or allowed your signature to be affixed to this document if you didn't understand that HCMS had received from Highland \$150,000; correct? A. This is one of the many things I would have signed on a given day. Q. Okay. And – and are you aware that this note was given to Highland's auditors? A. It could. I'm not aware specifically, but it should be. Q. Okay. Do you have any recollection as to why HCMS obtained this loan from Highland?	Page 435
1 DONDERO - 10/29/21 2 A. Yeah. This is the \$150,000 3 promissory note; is that what that is? 4 Q. Yes, sir. 5 A. Okay. As long as I can see it on 6 the screen, I don't need to find it in hard 7 copy, do I? 8 MS. DEITSCH-PEREZ: Yeah. 9 MR. MORRIS: Can you scroll to the 10 second page, PJ. 11 Q. Is that your signature, sir? 12 A. Close. 13 Q. Are you aware that your signature is 14 affixed to a \$150,000 promissory note that was 15 made by HCMS to Highland Capital Management? 16 A. Like I said — 17 MS. DEITSCH-PEREZ: Objection, form. 18 A. Like I said, it's close. I don't 19 know if that is mine, but it's close. 20 Q. Do you have any reason to believe	1 DONDERO - 10/29/21 2 Q. Did HCMS receive a loan from 3 Highland in the amount of \$150,000 on March 4 28th, 2018? 5 A. I assume so. 6 Q. Okay. You wouldn't have either 7 signed or allowed your signature to be affixed 8 to this document if you didn't understand that 9 HCMS had received from Highland \$150,000; 10 correct? 11 A. This is one of the many things I 12 would have signed on a given day. 13 Q. Okay. And – and are you aware that 14 this note was given to Highland's auditors? 15 A. It could. I'm not aware 16 specifically, but it should be. 17 Q. Okay. Do you have any recollection 18 as to why HCMS obtained this loan from 19 Highland? 20 A. Unless it says it on these two	Page 435
1 DONDERO - 10/29/21 2 A. Yeah. This is the \$150,000 3 promissory note; is that what that is? 4 Q. Yes, sir. 5 A. Okay. As long as I can see it on 6 the screen, I don't need to find it in hard 7 copy, do I? 8 MS. DEITSCH-PEREZ: Yeah. 9 MR. MORRIS: Can you scroll to the 10 second page, PJ. 11 Q. Is that your signature, sir? 12 A. Close. 13 Q. Are you aware that your signature is 14 affixed to a \$150,000 promissory note that was 15 made by HCMS to Highland Capital Management? 16 A. Like I said — 17 MS. DEITSCH-PEREZ: Objection, form. 18 A. Like I said, it's close. I don't 19 know if that is mine, but it's close. 20 Q. Do you have any reason to believe 21 that either you or somebody you authorized	1 DONDERO - 10/29/21 2 Q. Did HCMS receive a loan from 3 Highland in the amount of \$150,000 on March 4 28th, 2018? 5 A. I assume so. 6 Q. Okay. You wouldn't have either 7 signed or allowed your signature to be affixed 8 to this document if you didn't understand that 9 HCMS had received from Highland \$150,000; 10 correct? 11 A. This is one of the many things I 12 would have signed on a given day. 13 Q. Okay. And – and are you aware that 14 this note was given to Highland's auditors? 15 A. It could. I'm not aware 16 specifically, but it should be. 17 Q. Okay. Do you have any recollection 18 as to why HCMS obtained this loan from 19 Highland? 20 A. Unless it says it on these two 21 pages, I have no idea.	Page 435
1 DONDERO - 10/29/21 2 A. Yeah. This is the \$150,000 3 promissory note; is that what that is? 4 Q. Yes, sir. 5 A. Okay. As long as I can see it on 6 the screen, I don't need to find it in hard 7 copy, do I? 8 MS. DEITSCH-PEREZ: Yeah. 9 MR. MORRIS: Can you scroll to the 10 second page, PJ. 11 Q. Is that your signature, sir? 12 A. Close. 13 Q. Are you aware that your signature is 14 affixed to a \$150,000 promissory note that was 15 made by HCMS to Highland Capital Management? 16 A. Like I said – 17 MS. DEITSCH-PEREZ: Objection, form. 18 A. Like I said, it's close. I don't 19 know if that is mine, but it's close. 20 Q. Do you have any reason to believe 21 that either you or somebody you authorized 22 didn't sign this particular promissory note?	1 DONDERO - 10/29/21 2 Q. Did HCMS receive a loan from 3 Highland in the amount of \$150,000 on March 4 28th, 2018? 5 A. I assume so. 6 Q. Okay. You wouldn't have either 7 signed or allowed your signature to be affixed 8 to this document if you didn't understand that 9 HCMS had received from Highland \$150,000; 10 correct? 11 A. This is one of the many things I 12 would have signed on a given day. 13 Q. Okay. And – and are you aware that 14 this note was given to Highland's auditors? 15 A. It could. I'm not aware 16 specifically, but it should be. 17 Q. Okay. Do you have any recollection 18 as to why HCMS obtained this loan from 19 Highland? 20 A. Unless it says it on these two 21 pages, I have no idea. 22 Q. Okay. Do you have any recollection	Page 435
1 DONDERO - 10/29/21 2 A. Yeah. This is the \$150,000 3 promissory note; is that what that is? 4 Q. Yes, sir. 5 A. Okay. As long as I can see it on 6 the screen, I don't need to find it in hard 7 copy, do I? 8 MS. DEITSCH-PEREZ: Yeah. 9 MR. MORRIS: Can you scroll to the 10 second page, PJ. 11 Q. Is that your signature, sir? 12 A. Close. 13 Q. Are you aware that your signature is 14 affixed to a \$150,000 promissory note that was 15 made by HCMS to Highland Capital Management? 16 A. Like I said – 17 MS. DEITSCH-PEREZ: Objection, form. 18 A. Like I said, it's close. I don't 19 know if that is mine, but it's close. 20 Q. Do you have any reason to believe 21 that either you or somebody you authorized 22 didn't sign this particular promissory note? 23 A. Not specifically.	1 DONDERO - 10/29/21 2 Q. Did HCMS receive a loan from 3 Highland in the amount of \$150,000 on March 4 28th, 2018? 5 A. I assume so. 6 Q. Okay. You wouldn't have either 7 signed or allowed your signature to be affixed 8 to this document if you didn't understand that 9 HCMS had received from Highland \$150,000; 10 correct? 11 A. This is one of the many things I 12 would have signed on a given day. 13 Q. Okay. And – and are you aware that 14 this note was given to Highland's auditors? 15 A. It could. I'm not aware 16 specifically, but it should be. 17 Q. Okay. Do you have any recollection 18 as to why HCMS obtained this loan from 19 Highland? 20 A. Unless it says it on these two 21 pages, I have no idea. 22 Q. Okay. Do you have any recollection 23 as to what HCMS did with the proceeds of this	Page 435
1 DONDERO - 10/29/21 2 A. Yeah. This is the \$150,000 3 promissory note; is that what that is? 4 Q. Yes, sir. 5 A. Okay. As long as I can see it on 6 the screen, I don't need to find it in hard 7 copy, do I? 8 MS. DEITSCH-PEREZ: Yeah. 9 MR. MORRIS: Can you scroll to the 10 second page, PJ. 11 Q. Is that your signature, sir? 12 A. Close. 13 Q. Are you aware that your signature is 14 affixed to a \$150,000 promissory note that was 15 made by HCMS to Highland Capital Management? 16 A. Like I said – 17 MS. DEITSCH-PEREZ: Objection, form. 18 A. Like I said, it's close. I don't 19 know if that is mine, but it's close. 20 Q. Do you have any reason to believe 21 that either you or somebody you authorized 22 didn't sign this particular promissory note?	1 DONDERO - 10/29/21 2 Q. Did HCMS receive a loan from 3 Highland in the amount of \$150,000 on March 4 28th, 2018? 5 A. I assume so. 6 Q. Okay. You wouldn't have either 7 signed or allowed your signature to be affixed 8 to this document if you didn't understand that 9 HCMS had received from Highland \$150,000; 10 correct? 11 A. This is one of the many things I 12 would have signed on a given day. 13 Q. Okay. And – and are you aware that 14 this note was given to Highland's auditors? 15 A. It could. I'm not aware 16 specifically, but it should be. 17 Q. Okay. Do you have any recollection 18 as to why HCMS obtained this loan from 19 Highland? 20 A. Unless it says it on these two 21 pages, I have no idea. 22 Q. Okay. Do you have any recollection	Page 435

	D 400			D 407
1	Page 436 DONDERO - 10/29/21	1	DONDERO - 10/29/21	Page 437
2	Q. Okay. Let's just flip through the	2	A. Yes.	
3	Exhibits 2, 3, and 4, if we could.	3	Q. Do you recall that HCMS borrowed	
4	Looking at Exhibit 2, is that your	4	\$400,000 from Highland in or around May 2019?	
5	signature on Exhibit 2, sir?	5	A. Not specifically.	
6	A. Again, it is close.	6	Q. Do you have any reason to believe	
7	Q. Okay. And do you have any reason to	7	that it didn't?	
8	believe that that is either not your signature	8	A. I have no knowledge – I have no	
9	or that you did not authorize somebody to sign	9	knowledge of what it was used for and whether	
10	this on behalf of HCMS in June of 2018?	10	it did or didn't.	
11	A. No.	11	MR. MORRIS: Okay. Let's go to the	
12	Q. Okay.	12	next exhibit, please.	
13	MR. MORRIS: Can we go to Exhibit 3,	13	Q. Do you see Frank Waterhouse signed	
14	please, and if we can go to the signature	14	here on behalf of the maker, HCMS Services?	
15	line.	15	A. Yes.	
16	Q. Do you see that that is Frank	16	Q. Okay. Are you aware that HCMS	
17	Waterhouse?	17	borrowed \$150,000 from Highland in June 2019?	
18	A. Yes.	18	A. No.	
19	MR. MORRIS: Okay. And can we go to	19	Q. Okay. Do you have	
20	the page before that, the first page.	20	A. I'm not aware and –	
21	Q. Frank Waterhouse was the treasurer	21	Q. Do you have	
22	of HCMS in May 2019; correct?	22	A. I didn't – I'm sorry, go ahead. I	
23	A. That is what it said right on that	23	was just saying, looking at Frank's signature,	
24	thing we saw earlier; right?	24	you know, we're switching from me signing to	
25	Q. Incumbency certificate.	25	Frank signing. And I guess we're saying Frank	
_				
	Page 438			Page 439
1	Page 438 DONDERO - 10/29/21	1	DONDERO - 10/29/21	Page 439
1 2		1 2	DONDERO - 10/29/21 it. He may have done it electronically or	Page 439
١,	DONDERO - 10/29/21	_		Page 439
١,	DONDERO - 10/29/21 is an authorized signatory, although if you	2	it. He may have done it electronically or	Page 439
2 3 4	DONDERO - 10/29/21 is an authorized signatory, although if you look at Frank's, it looks like an automated	3	it. He may have done it electronically or somebody may have done it electronically for	Page 439
2 3 4	DONDERO - 10/29/21 is an authorized signatory, although if you look at Frank's, it looks like an automated signature versus, you know, an actual	2 3 4	it. He may have done it electronically or somebody may have done it electronically for him. Those are just different answers than me	Page 439
2 3 4 5	DONDERO - 10/29/21 is an authorized signatory, although if you look at Frank's, it looks like an automated signature versus, you know, an actual signature, but I assume you went over this with	2 3 4 5	it. He may have done it electronically or somebody may have done it electronically for him. Those are just different answers than me signing it; right?	Page 439
2 3 4 5	DONDERO - 10/29/21 is an authorized signatory, although if you look at Frank's, it looks like an automated signature versus, you know, an actual signature, but I assume you went over this with him, but I don't have specific knowledge of	2 3 4 5 6	it. He may have done it electronically or somebody may have done it electronically for him. Those are just different answers than me signing it; right? Q. Okay. And – and that is fair.	Page 439
2 3 4 5 6 7	DONDERO - 10/29/21 is an authorized signatory, although if you look at Frank's, it looks like an automated signature versus, you know, an actual signature, but I assume you went over this with him, but I don't have specific knowledge of these at all.	2 3 4 5 6 7	it. He may have done it electronically or somebody may have done it electronically for him. Those are just different answers than me signing it; right? Q. Okay. And – and that is fair. Are you aware that on December 3rd,	Page 439
2 3 4 5 6 7 8	DONDERO - 10/29/21 is an authorized signatory, although if you look at Frank's, it looks like an automated signature versus, you know, an actual signature, but I assume you went over this with him, but I don't have specific knowledge of these at all. Q. And do you know that Mr. Waterhouse	2 3 4 5 6 7 8	it. He may have done it electronically or somebody may have done it electronically for him. Those are just different answers than me signing it; right? Q. Okay. And – and that is fair. Are you aware that on December 3rd, 2020, Highland made a demand upon HCMS for	Page 439
2 3 4 5 6 7 8 9	DONDERO - 10/29/21 is an authorized signatory, although if you look at Frank's, it looks like an automated signature versus, you know, an actual signature, but I assume you went over this with him, but I don't have specific knowledge of these at all. Q. And do you know that Mr. Waterhouse from time to time used an electronic signature?	2 3 4 5 6 7 8 9	it. He may have done it electronically or somebody may have done it electronically for him. Those are just different answers than me signing it; right? Q. Okay. And – and that is fair. Are you aware that on December 3rd, 2020, Highland made a demand upon HCMS for payment under these four notes that we have	Page 439
2 3 4 5 6 7 8 9 10	DONDERO - 10/29/21 is an authorized signatory, although if you look at Frank's, it looks like an automated signature versus, you know, an actual signature, but I assume you went over this with him, but I don't have specific knowledge of these at all. Q. And do you know that Mr. Waterhouse from time to time used an electronic signature? MS. DEITSCH-PEREZ: Object to the	2 3 4 5 6 7 8 9	it. He may have done it electronically or somebody may have done it electronically for him. Those are just different answers than me signing it; right? Q. Okay. And – and that is fair. Are you aware that on December 3rd, 2020, Highland made a demand upon HCMS for payment under these four notes that we have just looked at?	Page 439
2 3 4 5 6 7 8 9 10 11	DONDERO - 10/29/21 is an authorized signatory, although if you look at Frank's, it looks like an automated signature versus, you know, an actual signature, but I assume you went over this with him, but I don't have specific knowledge of these at all. Q. And do you know that Mr. Waterhouse from time to time used an electronic signature? MS. DEITSCH-PEREZ: Object to the form.	2 3 4 5 6 7 8 9 10	it. He may have done it electronically or somebody may have done it electronically for him. Those are just different answers than me signing it; right? Q. Okay. And – and that is fair. Are you aware that on December 3rd, 2020, Highland made a demand upon HCMS for payment under these four notes that we have just looked at? A. I knew there was a demand on the	Page 439
2 3 4 5 6 7 8 9 10 11 12	DONDERO - 10/29/21 is an authorized signatory, although if you look at Frank's, it looks like an automated signature versus, you know, an actual signature, but I assume you went over this with him, but I don't have specific knowledge of these at all. Q. And do you know that Mr. Waterhouse from time to time used an electronic signature? MS. DEITSCH-PEREZ: Object to the form. A. I believe he did.	2 3 4 5 6 7 8 9 10 11 12	it. He may have done it electronically or somebody may have done it electronically for him. Those are just different answers than me signing it; right? Q. Okay. And – and that is fair. Are you aware that on December 3rd, 2020, Highland made a demand upon HCMS for payment under these four notes that we have just looked at? A. I knew there was a demand on the NexPoint one. Can you refresh me on this one?	Page 439
2 3 4 5 6 7 8 9 10 11 12 13	is an authorized signatory, although if you look at Frank's, it looks like an automated signature versus, you know, an actual signature, but I assume you went over this with him, but I don't have specific knowledge of these at all. Q. And do you know that Mr. Waterhouse from time to time used an electronic signature? MS. DEITSCH-PEREZ: Object to the form. A. I believe he did. Q. And you saw – you have seen his	2 3 4 5 6 7 8 9 10 11 12 13	it. He may have done it electronically or somebody may have done it electronically for him. Those are just different answers than me signing it; right? Q. Okay. And – and that is fair. Are you aware that on December 3rd, 2020, Highland made a demand upon HCMS for payment under these four notes that we have just looked at? A. I knew there was a demand on the NexPoint one. Can you refresh me on this one? Q. Sure.	Page 439
2 3 4 5 6 7 8 9 10 11 12 13 14	is an authorized signatory, although if you look at Frank's, it looks like an automated signature versus, you know, an actual signature, but I assume you went over this with him, but I don't have specific knowledge of these at all. Q. And do you know that Mr. Waterhouse from time to time used an electronic signature? MS. DEITSCH-PEREZ: Object to the form. A. I believe he did. Q. And you saw – you have seen his electronic signature on other documents; is	2 3 4 5 6 7 8 9 10 11 12 13 14	it. He may have done it electronically or somebody may have done it electronically for him. Those are just different answers than me signing it; right? Q. Okay. And – and that is fair. Are you aware that on December 3rd, 2020, Highland made a demand upon HCMS for payment under these four notes that we have just looked at? A. I knew there was a demand on the NexPoint one. Can you refresh me on this one? Q. Sure. MR. MORRIS: Can we go to the next	Page 439
2 3 4 5 6 7 8 9 10 11 12 13 14 15	is an authorized signatory, although if you look at Frank's, it looks like an automated signature versus, you know, an actual signature, but I assume you went over this with him, but I don't have specific knowledge of these at all. Q. And do you know that Mr. Waterhouse from time to time used an electronic signature? MS. DEITSCH-PEREZ: Object to the form. A. I believe he did. Q. And you saw – you have seen his electronic signature on other documents; is that right?	2 3 4 5 6 7 8 9 10 11 12 13 14 15	it. He may have done it electronically or somebody may have done it electronically for him. Those are just different answers than me signing it; right? Q. Okay. And – and that is fair. Are you aware that on December 3rd, 2020, Highland made a demand upon HCMS for payment under these four notes that we have just looked at? A. I knew there was a demand on the NexPoint one. Can you refresh me on this one? Q. Sure. MR. MORRIS: Can we go to the next exhibit in Exhibit 3. Exhibit 5.	Page 439
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	is an authorized signatory, although if you look at Frank's, it looks like an automated signature versus, you know, an actual signature, but I assume you went over this with him, but I don't have specific knowledge of these at all. Q. And do you know that Mr. Waterhouse from time to time used an electronic signature? MS. DEITSCH-PEREZ: Object to the form. A. I believe he did. Q. And you saw – you have seen his electronic signature on other documents; is that right? A. Yes.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	it. He may have done it electronically or somebody may have done it electronically for him. Those are just different answers than me signing it; right? Q. Okay. And – and that is fair. Are you aware that on December 3rd, 2020, Highland made a demand upon HCMS for payment under these four notes that we have just looked at? A. I knew there was a demand on the NexPoint one. Can you refresh me on this one? Q. Sure. MR. MORRIS: Can we go to the next exhibit in Exhibit 3. Exhibit 5. Q. You will see that there is a letter	Page 439
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	is an authorized signatory, although if you look at Frank's, it looks like an automated signature versus, you know, an actual signature, but I assume you went over this with him, but I don't have specific knowledge of these at all. Q. And do you know that Mr. Waterhouse from time to time used an electronic signature? MS. DEITSCH-PEREZ: Object to the form. A. I believe he did. Q. And you saw – you have seen his electronic signature on other documents; is that right? A. Yes. Q. So it doesn't surprise you to see	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	it. He may have done it electronically or somebody may have done it electronically for him. Those are just different answers than me signing it; right? Q. Okay. And – and that is fair. Are you aware that on December 3rd, 2020, Highland made a demand upon HCMS for payment under these four notes that we have just looked at? A. I knew there was a demand on the NexPoint one. Can you refresh me on this one? Q. Sure. MR. MORRIS: Can we go to the next exhibit in Exhibit 3. Exhibit 5. Q. You will see that there is a letter dated December 3rd, 2020, from Mr. Seery to	Page 439
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	is an authorized signatory, although if you look at Frank's, it looks like an automated signature versus, you know, an actual signature, but I assume you went over this with him, but I don't have specific knowledge of these at all. Q. And do you know that Mr. Waterhouse from time to time used an electronic signature? MS. DEITSCH-PEREZ: Object to the form. A. I believe he did. Q. And you saw – you have seen his electronic signature on other documents; is that right? A. Yes. Q. So it doesn't surprise you to see his electronic signature on a note; correct?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	it. He may have done it electronically or somebody may have done it electronically for him. Those are just different answers than me signing it; right? Q. Okay. And – and that is fair. Are you aware that on December 3rd, 2020, Highland made a demand upon HCMS for payment under these four notes that we have just looked at? A. I knew there was a demand on the NexPoint one. Can you refresh me on this one? Q. Sure. MR. MORRIS: Can we go to the next exhibit in Exhibit 3. Exhibit 5. Q. You will see that there is a letter dated December 3rd, 2020, from Mr. Seery to HCMS?	Page 439
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	is an authorized signatory, although if you look at Frank's, it looks like an automated signature versus, you know, an actual signature, but I assume you went over this with him, but I don't have specific knowledge of these at all. Q. And do you know that Mr. Waterhouse from time to time used an electronic signature? MS. DEITSCH-PEREZ: Object to the form. A. I believe he did. Q. And you saw – you have seen his electronic signature on other documents; is that right? A. Yes. Q. So it doesn't surprise you to see his electronic signature on a note; correct? A. Yeah, Yeah, okay. Yeah, I don't	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	it. He may have done it electronically or somebody may have done it electronically for him. Those are just different answers than me signing it; right? Q. Okay. And – and that is fair. Are you aware that on December 3rd, 2020, Highland made a demand upon HCMS for payment under these four notes that we have just looked at? A. I knew there was a demand on the NexPoint one. Can you refresh me on this one? Q. Sure. MR. MORRIS: Can we go to the next exhibit in Exhibit 3. Exhibit 5. Q. You will see that there is a letter dated December 3rd, 2020, from Mr. Seery to HCMS? A. Yep.	Page 439
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	is an authorized signatory, although if you look at Frank's, it looks like an automated signature versus, you know, an actual signature, but I assume you went over this with him, but I don't have specific knowledge of these at all. Q. And do you know that Mr. Waterhouse from time to time used an electronic signature? MS. DEITSCH-PEREZ: Object to the form. A. I believe he did. Q. And you saw – you have seen his electronic signature on other documents; is that right? A. Yes. Q. So it doesn't surprise you to see his electronic signature on a note; correct? A. Yeah. Yeah, okay. Yeah, I don't know. But whether or not he did it or somebody	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	it. He may have done it electronically or somebody may have done it electronically for him. Those are just different answers than me signing it; right? Q. Okay. And – and that is fair. Are you aware that on December 3rd, 2020, Highland made a demand upon HCMS for payment under these four notes that we have just looked at? A. I knew there was a demand on the NexPoint one. Can you refresh me on this one? Q. Sure. MR. MORRIS: Can we go to the next exhibit in Exhibit 3. Exhibit 5. Q. You will see that there is a letter dated December 3rd, 2020, from Mr. Seery to HCMS? A. Yep. Q. And do you see that it was sent to	Page 439
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	is an authorized signatory, although if you look at Frank's, it looks like an automated signature versus, you know, an actual signature, but I assume you went over this with him, but I don't have specific knowledge of these at all. Q. And do you know that Mr. Waterhouse from time to time used an electronic signature? MS. DEITSCH-PEREZ: Object to the form. A. I believe he did. Q. And you saw – you have seen his electronic signature on other documents; is that right? A. Yes. Q. So it doesn't surprise you to see his electronic signature on a note; correct? A. Yeah, Yeah, okay. Yeah, I don't know. But whether or not he did it or somebody else did it or – we're just getting a little	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	it. He may have done it electronically or somebody may have done it electronically for him. Those are just different answers than me signing it; right? Q. Okay. And – and that is fair. Are you aware that on December 3rd, 2020, Highland made a demand upon HCMS for payment under these four notes that we have just looked at? A. I knew there was a demand on the NexPoint one. Can you refresh me on this one? Q. Sure. MR. MORRIS: Can we go to the next exhibit in Exhibit 3. Exhibit 5. Q. You will see that there is a letter dated December 3rd, 2020, from Mr. Seery to HCMS? A. Yep. Q. And do you see that it was sent to the attention of Mr. Waterhouse? Do you see that, sir? A. Yes, yep.	Page 439
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	is an authorized signatory, although if you look at Frank's, it looks like an automated signature versus, you know, an actual signature, but I assume you went over this with him, but I don't have specific knowledge of these at all. Q. And do you know that Mr. Waterhouse from time to time used an electronic signature? MS. DEITSCH-PEREZ: Object to the form. A. I believe he did. Q. And you saw – you have seen his electronic signature on other documents; is that right? A. Yes. Q. So it doesn't surprise you to see his electronic signature on a note; correct? A. Yeah. Yeah, okay. Yeah, I don't know. But whether or not he did it or somebody else did it or – we're just getting a little far afoot from me signing it; right? That is all. Q. Right.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	it. He may have done it electronically or somebody may have done it electronically for him. Those are just different answers than me signing it; right? Q. Okay. And – and that is fair. Are you aware that on December 3rd, 2020, Highland made a demand upon HCMS for payment under these four notes that we have just looked at? A. I knew there was a demand on the NexPoint one. Can you refresh me on this one? Q. Sure. MR. MORRIS: Can we go to the next exhibit in Exhibit 3. Exhibit 5. Q. You will see that there is a letter dated December 3rd, 2020, from Mr. Seery to HCMS? A. Yep. Q. And do you see that it was sent to the attention of Mr. Waterhouse? Do you see that, sir? A. Yes, yep. Q. And, again, Mr. Waterhouse at that	Page 439
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	is an authorized signatory, although if you look at Frank's, it looks like an automated signature versus, you know, an actual signature, but I assume you went over this with him, but I don't have specific knowledge of these at all. Q. And do you know that Mr. Waterhouse from time to time used an electronic signature? MS. DEITSCH-PEREZ: Object to the form. A. I believe he did. Q. And you saw – you have seen his electronic signature on other documents; is that right? A. Yes. Q. So it doesn't surprise you to see his electronic signature on a note; correct? A. Yeah. Yeah, okay. Yeah, I don't know. But whether or not he did it or somebody else did it or – we're just getting a little far afoot from me signing it; right? That is all.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	it. He may have done it electronically or somebody may have done it electronically for him. Those are just different answers than me signing it; right? Q. Okay. And – and that is fair. Are you aware that on December 3rd, 2020, Highland made a demand upon HCMS for payment under these four notes that we have just looked at? A. I knew there was a demand on the NexPoint one. Can you refresh me on this one? Q. Sure. MR. MORRIS: Can we go to the next exhibit in Exhibit 3. Exhibit 5. Q. You will see that there is a letter dated December 3rd, 2020, from Mr. Seery to HCMS? A. Yep. Q. And do you see that it was sent to the attention of Mr. Waterhouse? Do you see that, sir? A. Yes, yep.	Page 439

	Daga 440			Page 441
1	DONDERO - 10/29/21	1	DONDERO - 10/29/21	Page 441
2	your recollection; correct?	2	A. I don't know.	
3	A. He primarily was the CFO of	3	MS. DEITSCH-PEREZ: Object to the	
4	Highland. But, yes, I mean, I do see that.	4	form.	
5	Q. Okay. And did you learn on or	5	Q. Do you know whether HCMS ever	
6	around December 3rd that Highland had made	6	responded to this demand letter prior to the	
7	demand upon HCMS for payment of all outstanding	7	commencement of litigation?	
8	principal and interest due under the four	8	A. I don't know.	
9	demand notes that are listed on the page there?	9	Q. Prior to the commencement of	
10	A. Yes, yep.	10	litigation, did you discuss with anyone whether	
11	Q. So you knew that at the time; right?	11	HCMS should respond to Highland's demand	
12	A. Well, more importantly I knew they	12	letter?	
13	were all subject to the same forgiveness	13	A. Did I discuss with anyone? No, I	
14	provisions as the other note.	14	don't remember – I don't remember talking	
15	Q. Okay. So I move to strike.	15	about this with Frank at all where –	
16	You knew in December 3rd, 2020, that	16	MS. DEITSCH-PEREZ: And I'm just	
17	Highland made demand; correct?	17	going to stop you to make sure you don't	
18	A. Yes.	18	blurt out any privileged communications, if	
19	Q. Okay. And do you see that Highland	19	there are any.	
20	gave HCMS an eight-day grace period or until	20	We object to the disclosure. But	
21	December 11th, 2020, to make payment?	21	with that caveat, go ahead.	
22	A. Yes.	22	A. I'm sorry, repeat the question	
23	Q. Under the demand note do you have	23	again. Let me try and keep it simple here.	
24	any understanding that Highland was required to	24	Q. Sure. It may be my fault.	
25	give any grace period at all?	25	Mr. Dondero, you testified that you	
	Page 442			Page 443
1	DONDERO - 10/29/21	1	DONDERO - 10/29/21	Page 443
2	DONDERO - 10/29/21 were aware that Highland made a demand for	2	behalf of HCMS ever informed Highland of HCMS'	Page 443
2 3	DONDERO - 10/29/21 were aware that Highland made a demand for payment on these four notes; correct?	2 3	behalf of HCMS ever informed Highland of HCMS' defenses to the – to the demand letter prior	Page 443
2 3 4	DONDERO - 10/29/21 were aware that Highland made a demand for payment on these four notes; correct? A. Yes.	2 3 4	behalf of HCMS ever informed Highland of HCMS' defenses to the – to the demand letter prior to the commencement of litigation?	Page 443
2 3 4 5	DONDERO - 10/29/21 were aware that Highland made a demand for payment on these four notes; correct? A. Yes. Q. Okay. Did you have any	2 3 4 5	behalf of HCMS ever informed Highland of HCMS' defenses to the – to the demand letter prior to the commencement of litigation? A. Yeah, Frank would be the person to	Page 443
2 3 4	DONDERO - 10/29/21 were aware that Highland made a demand for payment on these four notes; correct? A. Yes. Q. Okay. Did you have any non-privileged communications at any time after	2 3 4 5 6	behalf of HCMS ever informed Highland of HCMS' defenses to the – to the demand letter prior to the commencement of litigation? A. Yeah, Frank would be the person to ask there. I don't know.	Page 443
2 3 4 5 6 7	DONDERO - 10/29/21 were aware that Highland made a demand for payment on these four notes; correct? A. Yes. Q. Okay. Did you have any non-privileged communications at any time after Highland sent this letter about whether and how	2 3 4 5 6 7	behalf of HCMS ever informed Highland of HCMS' defenses to the – to the demand letter prior to the commencement of litigation? A. Yeah, Frank would be the person to ask there. I don't know. Q. I'm just asking you. Prior to the	Page 443
2 3 4 5 6 7 8	DONDERO - 10/29/21 were aware that Highland made a demand for payment on these four notes; correct? A. Yes. Q. Okay. Did you have any non-privileged communications at any time after Highland sent this letter about whether and how HCMS should respond?	2 3 4 5 6 7 8	behalf of HCMS ever informed Highland of HCMS' defenses to the – to the demand letter prior to the commencement of litigation? A. Yeah, Frank would be the person to ask there. I don't know. Q. I'm just asking you. Prior to the commencement of litigation, did you ever	Page 443
2 3 4 5 6 7 8 9	DONDERO - 10/29/21 were aware that Highland made a demand for payment on these four notes; correct? A. Yes. Q. Okay. Did you have any non-privileged communications at any time after Highland sent this letter about whether and how HCMS should respond? A. You know, let me just – let me	2 3 4 5 6 7 8 9	behalf of HCMS ever informed Highland of HCMS' defenses to the – to the demand letter prior to the commencement of litigation? A. Yeah, Frank would be the person to ask there. I don't know. Q. I'm just asking you. Prior to the commencement of litigation, did you ever instruct anyone to inform Highland that the	Page 443
2 3 4 5 6 7 8 9	DONDERO - 10/29/21 were aware that Highland made a demand for payment on these four notes; correct? A. Yes. Q. Okay. Did you have any non-privileged communications at any time after Highland sent this letter about whether and how HCMS should respond? A. You know, let me just – let me adjust the prior answer for a second.	2 3 4 5 6 7 8 9	behalf of HCMS ever informed Highland of HCMS' defenses to the – to the demand letter prior to the commencement of litigation? A. Yeah, Frank would be the person to ask there. I don't know. Q. I'm just asking you. Prior to the commencement of litigation, did you ever instruct anyone to inform Highland that the HCMS notes were subject to oral agreements with	Page 443
2 3 4 5 6 7 8 9 10	DONDERO - 10/29/21 were aware that Highland made a demand for payment on these four notes; correct? A. Yes. Q. Okay. Did you have any non-privileged communications at any time after Highland sent this letter about whether and how HCMS should respond? A. You know, let me just – let me adjust the prior answer for a second. I'm aware that this letter was sent.	2 3 4 5 6 7 8 9 10	behalf of HCMS ever informed Highland of HCMS' defenses to the – to the demand letter prior to the commencement of litigation? A. Yeah, Frank would be the person to ask there. I don't know. Q. I'm just asking you. Prior to the commencement of litigation, did you ever instruct anyone to inform Highland that the HCMS notes were subject to oral agreements with the Dugaboy trustee?	Page 443
2 3 4 5 6 7 8 9 10 11 12	DONDERO - 10/29/21 were aware that Highland made a demand for payment on these four notes; correct? A. Yes. Q. Okay. Did you have any non-privileged communications at any time after Highland sent this letter about whether and how HCMS should respond? A. You know, let me just – let me adjust the prior answer for a second. I'm aware that this letter was sent. I'm not sure I knew contemporaneously or when I	2 3 4 5 6 7 8 9 10 11 12	behalf of HCMS ever informed Highland of HCMS' defenses to the – to the demand letter prior to the commencement of litigation? A. Yeah, Frank would be the person to ask there. I don't know. Q. I'm just asking you. Prior to the commencement of litigation, did you ever instruct anyone to inform Highland that the HCMS notes were subject to oral agreements with the Dugaboy trustee? A. I believe former Judge Lynn sent a	Page 443
2 3 4 5 6 7 8 9 10 11 12 13	DONDERO - 10/29/21 were aware that Highland made a demand for payment on these four notes; correct? A. Yes. Q. Okay. Did you have any non-privileged communications at any time after Highland sent this letter about whether and how HCMS should respond? A. You know, let me just – let me adjust the prior answer for a second. I'm aware that this letter was sent. I'm not sure I knew contemporaneously or when I knew the letter was sent. I can't – I have no	2 3 4 5 6 7 8 9 10 11 12 13	behalf of HCMS ever informed Highland of HCMS' defenses to the – to the demand letter prior to the commencement of litigation? A. Yeah, Frank would be the person to ask there. I don't know. Q. I'm just asking you. Prior to the commencement of litigation, did you ever instruct anyone to inform Highland that the HCMS notes were subject to oral agreements with the Dugaboy trustee? A. I believe former Judge Lynn sent a letter in that regard. But other than that, I	Page 443
2 3 4 5 6 7 8 9 10 11 12 13 14	DONDERO - 10/29/21 were aware that Highland made a demand for payment on these four notes; correct? A. Yes. Q. Okay. Did you have any non-privileged communications at any time after Highland sent this letter about whether and how HCMS should respond? A. You know, let me just – let me adjust the prior answer for a second. I'm aware that this letter was sent. I'm not sure I knew contemporaneously or when I knew the letter was sent. I can't – I have no recollection of receiving it at the time.	2 3 4 5 6 7 8 9 10 11 12 13 14	behalf of HCMS ever informed Highland of HCMS' defenses to the – to the demand letter prior to the commencement of litigation? A. Yeah, Frank would be the person to ask there. I don't know. Q. I'm just asking you. Prior to the commencement of litigation, did you ever instruct anyone to inform Highland that the HCMS notes were subject to oral agreements with the Dugaboy trustee? A. I believe former Judge Lynn sent a letter in that regard. But other than that, I don't remember talking to anybody – I don't	Page 443
2 3 4 5 6 7 8 9 10 11 12 13 14 15	DONDERO - 10/29/21 were aware that Highland made a demand for payment on these four notes; correct? A. Yes. Q. Okay. Did you have any non-privileged communications at any time after Highland sent this letter about whether and how HCMS should respond? A. You know, let me just – let me adjust the prior answer for a second. I'm aware that this letter was sent. I'm not sure I knew contemporaneously or when I knew the letter was sent. I can't – I have no recollection of receiving it at the time. And to answer your question, I can't	2 3 4 5 6 7 8 9 10 11 12 13 14 15	behalf of HCMS ever informed Highland of HCMS' defenses to the – to the demand letter prior to the commencement of litigation? A. Yeah, Frank would be the person to ask there. I don't know. Q. I'm just asking you. Prior to the commencement of litigation, did you ever instruct anyone to inform Highland that the HCMS notes were subject to oral agreements with the Dugaboy trustee? A. I believe former Judge Lynn sent a letter in that regard. But other than that, I don't remember talking to anybody – I don't remember talking to the debtor about it per se.	Page 443
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	DONDERO - 10/29/21 were aware that Highland made a demand for payment on these four notes; correct? A. Yes. Q. Okay. Did you have any non-privileged communications at any time after Highland sent this letter about whether and how HCMS should respond? A. You know, let me just – let me adjust the prior answer for a second. I'm aware that this letter was sent. I'm not sure I knew contemporaneously or when I knew the letter was sent. I can't – I have no recollection of receiving it at the time. And to answer your question, I can't recollect talking to Frank or anybody else	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	behalf of HCMS ever informed Highland of HCMS' defenses to the – to the demand letter prior to the commencement of litigation? A. Yeah, Frank would be the person to ask there. I don't know. Q. I'm just asking you. Prior to the commencement of litigation, did you ever instruct anyone to inform Highland that the HCMS notes were subject to oral agreements with the Dugaboy trustee? A. I believe former Judge Lynn sent a letter in that regard. But other than that, I don't remember talking to anybody – I don't remember talking to the debtor about it per se. Q. It is your recollection that	Page 443
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	DONDERO - 10/29/21 were aware that Highland made a demand for payment on these four notes; correct? A. Yes. Q. Okay. Did you have any non-privileged communications at any time after Highland sent this letter about whether and how HCMS should respond? A. You know, let me just – let me adjust the prior answer for a second. I'm aware that this letter was sent. I'm not sure I knew contemporaneously or when I knew the letter was sent. I can't – I have no recollection of receiving it at the time. And to answer your question, I can't recollect talking to Frank or anybody else about it at the time. I'm not sure I knew	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	behalf of HCMS ever informed Highland of HCMS' defenses to the – to the demand letter prior to the commencement of litigation? A. Yeah, Frank would be the person to ask there. I don't know. Q. I'm just asking you. Prior to the commencement of litigation, did you ever instruct anyone to inform Highland that the HCMS notes were subject to oral agreements with the Dugaboy trustee? A. I believe former Judge Lynn sent a letter in that regard. But other than that, I don't remember talking to anybody – I don't remember talking to the debtor about it per se. Q. It is your recollection that Judge Lynn sent a letter to Highland before the	Page 443
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	DONDERO - 10/29/21 were aware that Highland made a demand for payment on these four notes; correct? A. Yes. Q. Okay. Did you have any non-privileged communications at any time after Highland sent this letter about whether and how HCMS should respond? A. You know, let me just – let me adjust the prior answer for a second. I'm aware that this letter was sent. I'm not sure I knew contemporaneously or when I knew the letter was sent. I can't – I have no recollection of receiving it at the time. And to answer your question, I can't recollect talking to Frank or anybody else about it at the time. But I have – I don't	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	behalf of HCMS ever informed Highland of HCMS' defenses to the – to the demand letter prior to the commencement of litigation? A. Yeah, Frank would be the person to ask there. I don't know. Q. I'm just asking you. Prior to the commencement of litigation, did you ever instruct anyone to inform Highland that the HCMS notes were subject to oral agreements with the Dugaboy trustee? A. I believe former Judge Lynn sent a letter in that regard. But other than that, I don't remember talking to anybody – I don't remember talking to the debtor about it per se. Q. It is your recollection that Judge Lynn sent a letter to Highland before the commencement of litigation, putting Highland on	Page 443
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	DONDERO - 10/29/21 were aware that Highland made a demand for payment on these four notes; correct? A. Yes. Q. Okay. Did you have any non-privileged communications at any time after Highland sent this letter about whether and how HCMS should respond? A. You know, let me just – let me adjust the prior answer for a second. I'm aware that this letter was sent. I'm not sure I knew contemporaneously or when I knew the letter was sent. I can't – I have no recollection of receiving it at the time. And to answer your question, I can't recollect talking to Frank or anybody else about it at the time. I'm not sure I knew about it at the time. But I have – I don't have any recollection of discussing it with	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	behalf of HCMS ever informed Highland of HCMS' defenses to the – to the demand letter prior to the commencement of litigation? A. Yeah, Frank would be the person to ask there. I don't know. Q. I'm just asking you. Prior to the commencement of litigation, did you ever instruct anyone to inform Highland that the HCMS notes were subject to oral agreements with the Dugaboy trustee? A. I believe former Judge Lynn sent a letter in that regard. But other than that, I don't remember talking to anybody – I don't remember talking to the debtor about it per se. Q. It is your recollection that Judge Lynn sent a letter to Highland before the commencement of litigation, putting Highland on notice that the HCMS notes were the subject of	Page 443
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	were aware that Highland made a demand for payment on these four notes; correct? A. Yes. Q. Okay. Did you have any non-privileged communications at any time after Highland sent this letter about whether and how HCMS should respond? A. You know, let me just – let me adjust the prior answer for a second. I'm aware that this letter was sent. I'm not sure I knew contemporaneously or when I knew the letter was sent. I can't – I have no recollection of receiving it at the time. And to answer your question, I can't recollect talking to Frank or anybody else about it at the time. But I have – I don't have any recollection of discussing it with anybody at or around the time.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	behalf of HCMS ever informed Highland of HCMS' defenses to the – to the demand letter prior to the commencement of litigation? A. Yeah, Frank would be the person to ask there. I don't know. Q. I'm just asking you. Prior to the commencement of litigation, did you ever instruct anyone to inform Highland that the HCMS notes were subject to oral agreements with the Dugaboy trustee? A. I believe former Judge Lynn sent a letter in that regard. But other than that, I don't remember talking to anybody – I don't remember talking to the debtor about it per se. Q. It is your recollection that Judge Lynn sent a letter to Highland before the commencement of litigation, putting Highland on notice that the HCMS notes were the subject of oral agreements between you and the Dugaboy	Page 443
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	were aware that Highland made a demand for payment on these four notes; correct? A. Yes. Q. Okay. Did you have any non-privileged communications at any time after Highland sent this letter about whether and how HCMS should respond? A. You know, let me just – let me adjust the prior answer for a second. I'm aware that this letter was sent. I'm not sure I knew contemporaneously or when I knew the letter was sent. I can't – I have no recollection of receiving it at the time. And to answer your question, I can't recollect talking to Frank or anybody else about it at the time. But I have – I don't have any recollection of discussing it with anybody at or around the time. Q. Did you ever instruct anybody at any	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	behalf of HCMS ever informed Highland of HCMS' defenses to the – to the demand letter prior to the commencement of litigation? A. Yeah, Frank would be the person to ask there. I don't know. Q. I'm just asking you. Prior to the commencement of litigation, did you ever instruct anyone to inform Highland that the HCMS notes were subject to oral agreements with the Dugaboy trustee? A. I believe former Judge Lynn sent a letter in that regard. But other than that, I don't remember talking to anybody – I don't remember talking to the debtor about it per se. Q. It is your recollection that Judge Lynn sent a letter to Highland before the commencement of litigation, putting Highland on notice that the HCMS notes were the subject of oral agreements between you and the Dugaboy trust.	Page 443
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	were aware that Highland made a demand for payment on these four notes; correct? A. Yes. Q. Okay. Did you have any non-privileged communications at any time after Highland sent this letter about whether and how HCMS should respond? A. You know, let me just – let me adjust the prior answer for a second. I'm aware that this letter was sent. I'm not sure I knew contemporaneously or when I knew the letter was sent. I can't – I have no recollection of receiving it at the time. And to answer your question, I can't recollect talking to Frank or anybody else about it at the time. But I have – I don't have any recollection of discussing it with anybody at or around the time. Q. Did you ever instruct anybody at any time to respond to this letter, whenever it is	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	behalf of HCMS ever informed Highland of HCMS' defenses to the – to the demand letter prior to the commencement of litigation? A. Yeah, Frank would be the person to ask there. I don't know. Q. I'm just asking you. Prior to the commencement of litigation, did you ever instruct anyone to inform Highland that the HCMS notes were subject to oral agreements with the Dugaboy trustee? A. I believe former Judge Lynn sent a letter in that regard. But other than that, I don't remember talking to anybody – I don't remember talking to the debtor about it per se. Q. It is your recollection that Judge Lynn sent a letter to Highland before the commencement of litigation, putting Highland on notice that the HCMS notes were the subject of oral agreements between you and the Dugaboy trust. Do I have that right?	Page 443
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	were aware that Highland made a demand for payment on these four notes; correct? A. Yes. Q. Okay. Did you have any non-privileged communications at any time after Highland sent this letter about whether and how HCMS should respond? A. You know, let me just – let me adjust the prior answer for a second. I'm aware that this letter was sent. I'm not sure I knew contemporaneously or when I knew the letter was sent. I can't – I have no recollection of receiving it at the time. And to answer your question, I can't recollect talking to Frank or anybody else about it at the time. But I have – I don't have any recollection of discussing it with anybody at or around the time. Q. Did you ever instruct anybody at any time to respond to this letter, whenever it is you learned about it?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	behalf of HCMS ever informed Highland of HCMS' defenses to the – to the demand letter prior to the commencement of litigation? A. Yeah, Frank would be the person to ask there. I don't know. Q. I'm just asking you. Prior to the commencement of litigation, did you ever instruct anyone to inform Highland that the HCMS notes were subject to oral agreements with the Dugaboy trustee? A. I believe former Judge Lynn sent a letter in that regard. But other than that, I don't remember talking to anybody – I don't remember talking to the debtor about it per se. Q. It is your recollection that Judge Lynn sent a letter to Highland before the commencement of litigation, putting Highland on notice that the HCMS notes were the subject of oral agreements between you and the Dugaboy trust. Do I have that right? A. Yeah, that they were part of	Page 443
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	were aware that Highland made a demand for payment on these four notes; correct? A. Yes. Q. Okay. Did you have any non-privileged communications at any time after Highland sent this letter about whether and how HCMS should respond? A. You know, let me just – let me adjust the prior answer for a second. I'm aware that this letter was sent. I'm not sure I knew contemporaneously or when I knew the letter was sent. I can't – I have no recollection of receiving it at the time. And to answer your question, I can't recollect talking to Frank or anybody else about it at the time. But I have – I don't have any recollection of discussing it with anybody at or around the time. Q. Did you ever instruct anybody at any time to respond to this letter, whenever it is	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	behalf of HCMS ever informed Highland of HCMS' defenses to the – to the demand letter prior to the commencement of litigation? A. Yeah, Frank would be the person to ask there. I don't know. Q. I'm just asking you. Prior to the commencement of litigation, did you ever instruct anyone to inform Highland that the HCMS notes were subject to oral agreements with the Dugaboy trustee? A. I believe former Judge Lynn sent a letter in that regard. But other than that, I don't remember talking to anybody – I don't remember talking to the debtor about it per se. Q. It is your recollection that Judge Lynn sent a letter to Highland before the commencement of litigation, putting Highland on notice that the HCMS notes were the subject of oral agreements between you and the Dugaboy trust. Do I have that right?	Page 443

	Page 444			Page 445
1	DONDERO - 10/29/21	1	DONDERO - 10/29/21	1 ugo 440
2	Q. And was this part of a settlement	2	MR. RUKAVINA: This is Davor.	
3	discussion or was this in response to this	3	Couple things, John – and I apologize for	
4	demand letter?	4	interjecting. I have not made an	
5	A. I don't know.	5	appearance yet today. Deborah has been	
6	Q. Have you produced that letter in	6	objecting for everyone.	
7	discovery?	7	Thomas Berghman will take over	
8	MS. DEITSCH-PEREZ: I'm aware that	8	around 3:00 o'clock. Is that okay with	
9	you have the letter. I don't know if it	9	you, John?	
10	was attached to something, but I know you	10	He is probably just going to sit	
11	have it.	11	here and not object.	
12	MR. MORRIS: Because you produced it	12	MR. MORRIS: I will miss you and I	
13	in discovery or because Mr. Dondero is	13	hope you have safe travels.	
14	testifying that his recollection was that	14	MR. RUKAVINA: Okay. Thank you very	
15	Mr. Dondero sent this letter to the debtor?	15	much.	
16	MS. DEITSCH-PEREZ: The the	16	And, second, I think that the letter	
17	letter has either been produced or was	17	that is being referred to is the email	
18	attached to something or was used in a	18	letter, so I have produced it to you.	
19	deposition, but I am aware that you have	19	With that, thank you everyone.	
20	it. If you need it to be Bates stamped, we	20	MR. MORRIS: Okay. Take care.	
21	could do that.	21	Q. Did anyone – did you ever instruct	
22	MR. MORRIS: I definitely need it to	22	anyone in December 2020 to make the payments	
23	be Bates stamped, I do, because I'm not	23	that Highland demanded under the HCMS notes?	
24	aware of this particular letter. But I	24	MS. DEITSCH-PEREZ: The demand notes	
25	appreciate that.	25	that are listed here on the Exhibit 5?	
1	••			
\vdash	Pogo 446			
1	Page 446 DONDERO - 10/29/21	1	DONDERO - 10/29/21	Page 447
1 2		1 2	DONDERO - 10/29/21 favor of Highland on May 31st, 2017?	Page 447
1	DONDERO - 10/29/21	l _		Page 447
2	DONDERO - 10/29/21 MR. MORRIS: Yes.	2	favor of Highland on May 31st, 2017?	Page 447
2 3	DONDERO - 10/29/21 MR. MORRIS: Yes. A. Yes, not that I recall.	2	favor of Highland on May 31st, 2017? A. Yes.	Page 447
2 3 4 5	DONDERO - 10/29/21 MR. MORRIS: Yes. A. Yes, not that I recall. Q. Did you ever instruct anyone in	2 3 4	favor of Highland on May 31st, 2017? A. Yes. Q. And is it fair to say you didn't	Page 447
2 3 4 5 6	DONDERO - 10/29/21 MR. MORRIS: Yes. A. Yes, not that I recall. Q. Did you ever instruct anyone in December 2020 not to make the payments that	2 3 4 5	favor of Highland on May 31st, 2017? A. Yes. Q. And is it fair to say you didn't read this note before you signed it?	Page 447
2 3 4 5 6	DONDERO - 10/29/21 MR. MORRIS: Yes. A. Yes, not that I recall. Q. Did you ever instruct anyone in December 2020 not to make the payments that Highland demanded that are listed in this	2 3 4 5 6	favor of Highland on May 31st, 2017? A. Yes. Q. And is it fair to say you didn't read this note before you signed it? A. Correct. No reason to, really.	Page 447
2 3 4 5 6 7	DONDERO - 10/29/21 MR. MORRIS: Yes. A. Yes, not that I recall. Q. Did you ever instruct anyone in December 2020 not to make the payments that Highland demanded that are listed in this exhibit? A. No.	2 3 4 5 6 7	favor of Highland on May 31st, 2017? A. Yes. Q. And is it fair to say you didn't read this note before you signed it? A. Correct. No reason to, really. Q. Okay. So it is fair to say that	Page 447
2 3 4 5 6 7 8	DONDERO - 10/29/21 MR. MORRIS: Yes. A. Yes, not that I recall. Q. Did you ever instruct anyone in December 2020 not to make the payments that Highland demanded that are listed in this exhibit? A. No.	2 3 4 5 6 7 8	favor of Highland on May 31st, 2017? A. Yes. Q. And is it fair to say you didn't read this note before you signed it? A. Correct. No reason to, really. Q. Okay. So it is fair to say that there is not a provision of this note that you	Page 447
2 3 4 5 6 7 8 9	DONDERO - 10/29/21 MR. MORRIS: Yes. A. Yes, not that I recall. Q. Did you ever instruct anyone in December 2020 not to make the payments that Highland demanded that are listed in this exhibit? A. No. Q. Do you know why HCMS did not make	2 3 4 5 6 7 8 9	favor of Highland on May 31st, 2017? A. Yes. Q. And is it fair to say you didn't read this note before you signed it? A. Correct. No reason to, really. Q. Okay. So it is fair to say that there is not a provision of this note that you didn't understand before you signed it;	Page 447
2 3 4 5 6 7 8 9 10	DONDERO - 10/29/21 MR. MORRIS: Yes. A. Yes, not that I recall. Q. Did you ever instruct anyone in December 2020 not to make the payments that Highland demanded that are listed in this exhibit? A. No. Q. Do you know why HCMS did not make the payments that Highland demanded under the	2 3 4 5 6 7 8 9 10	favor of Highland on May 31st, 2017? A. Yes. Q. And is it fair to say you didn't read this note before you signed it? A. Correct. No reason to, really. Q. Okay. So it is fair to say that there is not a provision of this note that you didn't understand before you signed it; correct?	Page 447
2 3 4 5 6 7 8 9 10 11	DONDERO - 10/29/21 MR. MORRIS: Yes. A. Yes, not that I recall. Q. Did you ever instruct anyone in December 2020 not to make the payments that Highland demanded that are listed in this exhibit? A. No. Q. Do you know why HCMS did not make the payments that Highland demanded under the notes?	2 3 4 5 6 7 8 9 10	favor of Highland on May 31st, 2017? A. Yes. Q. And is it fair to say you didn't read this note before you signed it? A. Correct. No reason to, really. Q. Okay. So it is fair to say that there is not a provision of this note that you didn't understand before you signed it; correct? MS. DEITSCH-PEREZ: Object to the	Page 447
2 3 4 5 6 7 8 9 10 11 12	DONDERO - 10/29/21 MR. MORRIS: Yes. A. Yes, not that I recall. Q. Did you ever instruct anyone in December 2020 not to make the payments that Highland demanded that are listed in this exhibit? A. No. Q. Do you know why HCMS did not make the payments that Highland demanded under the notes? A. Again, beyond compensation	2 3 4 5 6 7 8 9 10 11 12	favor of Highland on May 31st, 2017? A. Yes. Q. And is it fair to say you didn't read this note before you signed it? A. Correct. No reason to, really. Q. Okay. So it is fair to say that there is not a provision of this note that you didn't understand before you signed it; correct? MS. DEITSCH-PEREZ: Object to the form.	Page 447
2 3 4 5 6 7 8 9 10 11 12 13	DONDERO - 10/29/21 MR. MORRIS: Yes. A. Yes, not that I recall. Q. Did you ever instruct anyone in December 2020 not to make the payments that Highland demanded that are listed in this exhibit? A. No. Q. Do you know why HCMS did not make the payments that Highland demanded under the notes? A. Again, beyond compensation forgiveness argument, no.	2 3 4 5 6 7 8 9 10 11 12 13	favor of Highland on May 31st, 2017? A. Yes. Q. And is it fair to say you didn't read this note before you signed it? A. Correct. No reason to, really. Q. Okay. So it is fair to say that there is not a provision of this note that you didn't understand before you signed it; correct? MS. DEITSCH-PEREZ: Object to the form. A. That I didn't review it, so	Page 447
2 3 4 5 6 7 8 9 10 11 12 13 14	DONDERO - 10/29/21 MR. MORRIS: Yes. A. Yes, not that I recall. Q. Did you ever instruct anyone in December 2020 not to make the payments that Highland demanded that are listed in this exhibit? A. No. Q. Do you know why HCMS did not make the payments that Highland demanded under the notes? A. Again, beyond compensation forgiveness argument, no. MR. MORRIS: Okay. Let's go to the	2 3 4 5 6 7 8 9 10 11 12 13 14	favor of Highland on May 31st, 2017? A. Yes. Q. And is it fair to say you didn't read this note before you signed it? A. Correct. No reason to, really. Q. Okay. So it is fair to say that there is not a provision of this note that you didn't understand before you signed it; correct? MS. DEITSCH-PEREZ: Object to the form. A. That I didn't review it, so therefore I didn't have a opinion one way or	Page 447
2 3 4 5 6 7 8 9 10 11 12 13 14 15	DONDERO - 10/29/21 MR. MORRIS: Yes. A. Yes, not that I recall. Q. Did you ever instruct anyone in December 2020 not to make the payments that Highland demanded that are listed in this exhibit? A. No. Q. Do you know why HCMS did not make the payments that Highland demanded under the notes? A. Again, beyond compensation forgiveness argument, no. MR. MORRIS: Okay. Let's go to the next exhibit, 6.	2 3 4 5 6 7 8 9 10 11 12 13 14 15	favor of Highland on May 31st, 2017? A. Yes. Q. And is it fair to say you didn't read this note before you signed it? A. Correct. No reason to, really. Q. Okay. So it is fair to say that there is not a provision of this note that you didn't understand before you signed it; correct? MS. DEITSCH-PEREZ: Object to the form. A. That I didn't review it, so therefore I didn't have a opinion one way or the other.	Page 447
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	DONDERO - 10/29/21 MR. MORRIS: Yes. A. Yes, not that I recall. Q. Did you ever instruct anyone in December 2020 not to make the payments that Highland demanded that are listed in this exhibit? A. No. Q. Do you know why HCMS did not make the payments that Highland demanded under the notes? A. Again, beyond compensation forgiveness argument, no. MR. MORRIS: Okay. Let's go to the next exhibit, 6. (Exhibit 6 marked.)	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	favor of Highland on May 31st, 2017? A. Yes. Q. And is it fair to say you didn't read this note before you signed it? A. Correct. No reason to, really. Q. Okay. So it is fair to say that there is not a provision of this note that you didn't understand before you signed it; correct? MS. DEITSCH-PEREZ: Object to the form. A. That I didn't review it, so therefore I didn't have a opinion one way or the other. Q. Okay. This note substituted and	Page 447
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	DONDERO - 10/29/21 MR. MORRIS: Yes. A. Yes, not that I recall. Q. Did you ever instruct anyone in December 2020 not to make the payments that Highland demanded that are listed in this exhibit? A. No. Q. Do you know why HCMS did not make the payments that Highland demanded under the notes? A. Again, beyond compensation forgiveness argument, no. MR. MORRIS: Okay. Let's go to the next exhibit, 6. (Exhibit 6 marked.) Q. And this is another one of the term	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	favor of Highland on May 31st, 2017? A. Yes. Q. And is it fair to say you didn't read this note before you signed it? A. Correct. No reason to, really. Q. Okay. So it is fair to say that there is not a provision of this note that you didn't understand before you signed it; correct? MS. DEITSCH-PEREZ: Object to the form. A. That I didn't review it, so therefore I didn't have a opinion one way or the other. Q. Okay. This note substituted and superseded for the promissory notes that are	Page 447
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	DONDERO - 10/29/21 MR. MORRIS: Yes. A. Yes, not that I recall. Q. Did you ever instruct anyone in December 2020 not to make the payments that Highland demanded that are listed in this exhibit? A. No. Q. Do you know why HCMS did not make the payments that Highland demanded under the notes? A. Again, beyond compensation forgiveness argument, no. MR. MORRIS: Okay. Let's go to the next exhibit, 6. (Exhibit 6 marked.) Q. And this is another one of the term notes; right?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	favor of Highland on May 31st, 2017? A. Yes. Q. And is it fair to say you didn't read this note before you signed it? A. Correct. No reason to, really. Q. Okay. So it is fair to say that there is not a provision of this note that you didn't understand before you signed it; correct? MS. DEITSCH-PEREZ: Object to the form. A. That I didn't review it, so therefore I didn't have a opinion one way or the other. Q. Okay. This note substituted and superseded for the promissory notes that are set forth on Exhibit A to this document;	Page 447
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	DONDERO - 10/29/21 MR. MORRIS: Yes. A. Yes, not that I recall. Q. Did you ever instruct anyone in December 2020 not to make the payments that Highland demanded that are listed in this exhibit? A. No. Q. Do you know why HCMS did not make the payments that Highland demanded under the notes? A. Again, beyond compensation forgiveness argument, no. MR. MORRIS: Okay. Let's go to the next exhibit, 6. (Exhibit 6 marked.) Q. And this is another one of the term notes; right? A. Yes.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	favor of Highland on May 31st, 2017? A. Yes. Q. And is it fair to say you didn't read this note before you signed it? A. Correct. No reason to, really. Q. Okay. So it is fair to say that there is not a provision of this note that you didn't understand before you signed it; correct? MS. DEITSCH-PEREZ: Object to the form. A. That I didn't review it, so therefore I didn't have a opinion one way or the other. Q. Okay. This note substituted and superseded for the promissory notes that are set forth on Exhibit A to this document; correct?	Page 447
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	DONDERO - 10/29/21 MR. MORRIS: Yes. A. Yes, not that I recall. Q. Did you ever instruct anyone in December 2020 not to make the payments that Highland demanded that are listed in this exhibit? A. No. Q. Do you know why HCMS did not make the payments that Highland demanded under the notes? A. Again, beyond compensation forgiveness argument, no. MR. MORRIS: Okay. Let's go to the next exhibit, 6. (Exhibit 6 marked.) Q. And this is another one of the term notes; right? A. Yes. MR. MORRIS: And can we just go to	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	favor of Highland on May 31st, 2017? A. Yes. Q. And is it fair to say you didn't read this note before you signed it? A. Correct. No reason to, really. Q. Okay. So it is fair to say that there is not a provision of this note that you didn't understand before you signed it; correct? MS. DEITSCH-PEREZ: Object to the form. A. That I didn't review it, so therefore I didn't have a opinion one way or the other. Q. Okay. This note substituted and superseded for the promissory notes that are set forth on Exhibit A to this document; correct? A. Yes.	Page 447
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	DONDERO - 10/29/21 MR. MORRIS: Yes. A. Yes, not that I recall. Q. Did you ever instruct anyone in December 2020 not to make the payments that Highland demanded that are listed in this exhibit? A. No. Q. Do you know why HCMS did not make the payments that Highland demanded under the notes? A. Again, beyond compensation forgiveness argument, no. MR. MORRIS: Okay. Let's go to the next exhibit, 6. (Exhibit 6 marked.) Q. And this is another one of the term notes; right? A. Yes. MR. MORRIS: And can we just go to the signature line, please.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	favor of Highland on May 31st, 2017? A. Yes. Q. And is it fair to say you didn't read this note before you signed it? A. Correct. No reason to, really. Q. Okay. So it is fair to say that there is not a provision of this note that you didn't understand before you signed it; correct? MS. DEITSCH-PEREZ: Object to the form. A. That I didn't review it, so therefore I didn't have a opinion one way or the other. Q. Okay. This note substituted and superseded for the promissory notes that are set forth on Exhibit A to this document; correct? A. Yes. Q. So just like NexPoint and HCMS, HCRE	Page 447
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	DONDERO - 10/29/21 MR. MORRIS: Yes. A. Yes, not that I recall. Q. Did you ever instruct anyone in December 2020 not to make the payments that Highland demanded that are listed in this exhibit? A. No. Q. Do you know why HCMS did not make the payments that Highland demanded under the notes? A. Again, beyond compensation forgiveness argument, no. MR. MORRIS: Okay. Let's go to the next exhibit, 6. (Exhibit 6 marked.) Q. And this is another one of the term notes; right? A. Yes. MR. MORRIS: And can we just go to the signature line, please. Q. Is that your signature, sir?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	favor of Highland on May 31st, 2017? A. Yes. Q. And is it fair to say you didn't read this note before you signed it? A. Correct. No reason to, really. Q. Okay. So it is fair to say that there is not a provision of this note that you didn't understand before you signed it; correct? MS. DEITSCH-PEREZ: Object to the form. A. That I didn't review it, so therefore I didn't have a opinion one way or the other. Q. Okay. This note substituted and superseded for the promissory notes that are set forth on Exhibit A to this document; correct? A. Yes. Q. So just like NexPoint and HCMS, HCRE also consolidated their outstanding demand	Page 447
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	DONDERO - 10/29/21 MR. MORRIS: Yes. A. Yes, not that I recall. Q. Did you ever instruct anyone in December 2020 not to make the payments that Highland demanded that are listed in this exhibit? A. No. Q. Do you know why HCMS did not make the payments that Highland demanded under the notes? A. Again, beyond compensation forgiveness argument, no. MR. MORRIS: Okay. Let's go to the next exhibit, 6. (Exhibit 6 marked.) Q. And this is another one of the term notes; right? A. Yes. MR. MORRIS: And can we just go to the signature line, please. Q. Is that your signature, sir? A. That looks more like it. Q. And do you – are you willing to	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	favor of Highland on May 31st, 2017? A. Yes. Q. And is it fair to say you didn't read this note before you signed it? A. Correct. No reason to, really. Q. Okay. So it is fair to say that there is not a provision of this note that you didn't understand before you signed it; correct? MS. DEITSCH-PEREZ: Object to the form. A. That I didn't review it, so therefore I didn't have a opinion one way or the other. Q. Okay. This note substituted and superseded for the promissory notes that are set forth on Exhibit A to this document; correct? A. Yes. Q. So just like NexPoint and HCMS, HCRE also consolidated their outstanding demand notes into one term notes at the end of	Page 447

5 440		D 110
Page 448	1 DONDERO - 10/29/21	Page 449
2 Q. Okay. Let's go to HCRE, if we can	2 Otherwise, she is pulling it up.	
3 take this down and put up Exhibit 4.	3 Q. So this is the last of the three	
4 Actually, before we go to that, do	4 term notes. Do you see that?	
5 you have any recollection as to why HCRE	5 A. Yes.	
6 borrowed money from Highland in the amounts	6 Q. Also signed on May 31st, 2017;	
7 equal to the prior notes as set forth to the	7 correct?	
8 exhibit to the term note?	8 A. Yes.	
9 A. Nope.	9 Q. And if we could look at the	
10 Q. Do you have any recollection at all	10 signature line, is that your signature, sir?	
11 as to what HCRE did with the proceeds of the	11 A. Yes.	
12 loans that it obtained from Highland?	12 Q. And did you sign this note on behalf	
13 A. No.	13 of HCRE on or about May 31st, 2017?	
14 Q. This is Exhibit 4, so this is the	14 A. Yes.	
15 complaint – this is actually the complaint	15 Q. Did you read this note before you	
16 against HCRE.	16 signed it?	
17 MR. MORRIS: Can we go to Exhibit 6,	17 A. No.	
18 please.	18 Q. And since you didn't read it, is it	
19 MS. DEITSCH-PEREZ: Exhibit 6 of	19 fair to say that there wasn't a provision of	
20 Exhibit 4?	20 this agreement that you didn't understand at	
	21 the time that you signed it?	
7 1 9		
was my mistake. Yes, Exhibit 6 to Exhibit4.	22 MS. DEITSCH-PEREZ: Object to the 23 form.	
24 MS. DEITSCH-PEREZ: Okay. If you	24 A. There is – there wasn't a	
25 want the hard copy, it is in a booklet.	25 provisions I did or didn't understand because I	
Page 450	4 DONDEDO 40/00/04	Page 451
1 DONDERO - 10/29/21	1 DONDERO - 10/29/21	Page 451
1 DONDERO - 10/29/21 2 didn't review it.	2 that were signed by NexPoint, HCRE, and HCMS on	Page 451
1 DONDERO - 10/29/21 2 didn't review it. 3 Q. Okay. This note substituted and	2 that were signed by NexPoint, HCRE, and HCMS on3 May 31st, 2017 collectively as the term notes?	Page 451
1 DONDERO - 10/29/21 2 didn't review it. 3 Q. Okay. This note substituted and 4 superseded for the promissory notes that are	 2 that were signed by NexPoint, HCRE, and HCMS on 3 May 31st, 2017 collectively as the term notes? 4 A. Yes. 	Page 451
1 DONDERO - 10/29/21 2 didn't review it. 3 Q. Okay. This note substituted and 4 superseded for the promissory notes that are 5 listed on Exhibit A on the right side of the	 2 that were signed by NexPoint, HCRE, and HCMS on 3 May 31st, 2017 collectively as the term notes? 4 A. Yes. 5 Q. Okay. You had the authority to sign 	Page 451
1 DONDERO - 10/29/21 2 didn't review it. 3 Q. Okay. This note substituted and 4 superseded for the promissory notes that are 5 listed on Exhibit A on the right side of the 6 page; correct?	 2 that were signed by NexPoint, HCRE, and HCMS on 3 May 31st, 2017 collectively as the term notes? 4 A. Yes. 5 Q. Okay. You had the authority to sign 6 each of the term notes on behalf of each of the 	Page 451
1 DONDERO - 10/29/21 2 didn't review it. 3 Q. Okay. This note substituted and 4 superseded for the promissory notes that are 5 listed on Exhibit A on the right side of the 6 page; correct? 7 A. Yes.	 2 that were signed by NexPoint, HCRE, and HCMS on 3 May 31st, 2017 collectively as the term notes? 4 A. Yes. 5 Q. Okay. You had the authority to sign 6 each of the term notes on behalf of each of the 7 respective makers; correct? 	Page 451
1 DONDERO - 10/29/21 2 didn't review it. 3 Q. Okay. This note substituted and 4 superseded for the promissory notes that are 5 listed on Exhibit A on the right side of the 6 page; correct? 7 A. Yes. 8 Q. And Exhibit A set forth the	 2 that were signed by NexPoint, HCRE, and HCMS on 3 May 31st, 2017 collectively as the term notes? 4 A. Yes. 5 Q. Okay. You had the authority to sign 6 each of the term notes on behalf of each of the 7 respective makers; correct? 8 A. Yes. 	Page 451
1 DONDERO - 10/29/21 2 didn't review it. 3 Q. Okay. This note substituted and 4 superseded for the promissory notes that are 5 listed on Exhibit A on the right side of the 6 page; correct? 7 A. Yes. 8 Q. And Exhibit A set forth the 9 outstanding principal and interest that HCRE	 2 that were signed by NexPoint, HCRE, and HCMS on 3 May 31st, 2017 collectively as the term notes? 4 A. Yes. 5 Q. Okay. You had the authority to sign 6 each of the term notes on behalf of each of the 7 respective makers; correct? 8 A. Yes. 9 Q. Each of the term notes was for a 	Page 451
1 DONDERO - 10/29/21 2 didn't review it. 3 Q. Okay. This note substituted and 4 superseded for the promissory notes that are 5 listed on Exhibit A on the right side of the 6 page; correct? 7 A. Yes. 8 Q. And Exhibit A set forth the 9 outstanding principal and interest that HCRE 10 owed to Highland under the prior notes as of	 2 that were signed by NexPoint, HCRE, and HCMS on 3 May 31st, 2017 collectively as the term notes? 4 A. Yes. 5 Q. Okay. You had the authority to sign 6 each of the term notes on behalf of each of the 7 respective makers; correct? 8 A. Yes. 9 Q. Each of the term notes was for a 10 30-year term; correct? 	Page 451
1 DONDERO - 10/29/21 2 didn't review it. 3 Q. Okay. This note substituted and 4 superseded for the promissory notes that are 5 listed on Exhibit A on the right side of the 6 page; correct? 7 A. Yes. 8 Q. And Exhibit A set forth the 9 outstanding principal and interest that HCRE 10 owed to Highland under the prior notes as of 11 May 31st, 2017; correct?	 2 that were signed by NexPoint, HCRE, and HCMS on 3 May 31st, 2017 collectively as the term notes? 4 A. Yes. 5 Q. Okay. You had the authority to sign 6 each of the term notes on behalf of each of the 7 respective makers; correct? 8 A. Yes. 9 Q. Each of the term notes was for a 10 30-year term; correct? 11 A. I believe so. 	Page 451
1 DONDERO - 10/29/21 2 didn't review it. 3 Q. Okay. This note substituted and 4 superseded for the promissory notes that are 5 listed on Exhibit A on the right side of the 6 page; correct? 7 A. Yes. 8 Q. And Exhibit A set forth the 9 outstanding principal and interest that HCRE 10 owed to Highland under the prior notes as of 11 May 31st, 2017; correct? 12 A. Uh-huh.	 2 that were signed by NexPoint, HCRE, and HCMS on 3 May 31st, 2017 collectively as the term notes? 4 A. Yes. 5 Q. Okay. You had the authority to sign 6 each of the term notes on behalf of each of the 7 respective makers; correct? 8 A. Yes. 9 Q. Each of the term notes was for a 10 30-year term; correct? 11 A. I believe so. 12 Q. Okay. Who decided to give each note 	Page 451
1 DONDERO - 10/29/21 2 didn't review it. 3 Q. Okay. This note substituted and 4 superseded for the promissory notes that are 5 listed on Exhibit A on the right side of the 6 page; correct? 7 A. Yes. 8 Q. And Exhibit A set forth the 9 outstanding principal and interest that HCRE 10 owed to Highland under the prior notes as of 11 May 31st, 2017; correct? 12 A. Uh-huh. 13 Q. That is a yes, sir; correct?	 2 that were signed by NexPoint, HCRE, and HCMS on 3 May 31st, 2017 collectively as the term notes? 4 A. Yes. 5 Q. Okay. You had the authority to sign 6 each of the term notes on behalf of each of the 7 respective makers; correct? 8 A. Yes. 9 Q. Each of the term notes was for a 10 30-year term; correct? 11 A. I believe so. 12 Q. Okay. Who decided to give each note 13 a 30-year term, if you know? 	Page 451
1 DONDERO - 10/29/21 2 didn't review it. 3 Q. Okay. This note substituted and 4 superseded for the promissory notes that are 5 listed on Exhibit A on the right side of the 6 page; correct? 7 A. Yes. 8 Q. And Exhibit A set forth the 9 outstanding principal and interest that HCRE 10 owed to Highland under the prior notes as of 11 May 31st, 2017; correct? 12 A. Uh-huh. 13 Q. That is a yes, sir; correct? 14 A. Yes.	 2 that were signed by NexPoint, HCRE, and HCMS on 3 May 31st, 2017 collectively as the term notes? 4 A. Yes. 5 Q. Okay. You had the authority to sign 6 each of the term notes on behalf of each of the 7 respective makers; correct? 8 A. Yes. 9 Q. Each of the term notes was for a 10 30-year term; correct? 11 A. I believe so. 12 Q. Okay. Who decided to give each note 13 a 30-year term, if you know? 14 A. The auditors, the accountants, not 	Page 451
1 DONDERO - 10/29/21 2 didn't review it. 3 Q. Okay. This note substituted and 4 superseded for the promissory notes that are 5 listed on Exhibit A on the right side of the 6 page; correct? 7 A. Yes. 8 Q. And Exhibit A set forth the 9 outstanding principal and interest that HCRE 10 owed to Highland under the prior notes as of 11 May 31st, 2017; correct? 12 A. Uh-huh. 13 Q. That is a yes, sir; correct? 14 A. Yes. 15 Q. Okay. Do you know why HCRE borrowed	 2 that were signed by NexPoint, HCRE, and HCMS on 3 May 31st, 2017 collectively as the term notes? 4 A. Yes. 5 Q. Okay. You had the authority to sign 6 each of the term notes on behalf of each of the 7 respective makers; correct? 8 A. Yes. 9 Q. Each of the term notes was for a 10 30-year term; correct? 11 A. I believe so. 12 Q. Okay. Who decided to give each note 13 a 30-year term, if you know? 14 A. The auditors, the accountants, not 15 me. 	Page 451
1 DONDERO - 10/29/21 2 didn't review it. 3 Q. Okay. This note substituted and 4 superseded for the promissory notes that are 5 listed on Exhibit A on the right side of the 6 page; correct? 7 A. Yes. 8 Q. And Exhibit A set forth the 9 outstanding principal and interest that HCRE 10 owed to Highland under the prior notes as of 11 May 31st, 2017; correct? 12 A. Uh-huh. 13 Q. That is a yes, sir; correct? 14 A. Yes. 15 Q. Okay. Do you know why HCRE borrowed 16 the money from Highland at the times and – and	 2 that were signed by NexPoint, HCRE, and HCMS on 3 May 31st, 2017 collectively as the term notes? 4 A. Yes. 5 Q. Okay. You had the authority to sign 6 each of the term notes on behalf of each of the 7 respective makers; correct? 8 A. Yes. 9 Q. Each of the term notes was for a 10 30-year term; correct? 11 A. I believe so. 12 Q. Okay. Who decided to give each note 13 a 30-year term, if you know? 14 A. The auditors, the accountants, not 15 me. 16 Q. But you knew that each of the notes 	Page 451
1 DONDERO - 10/29/21 2 didn't review it. 3 Q. Okay. This note substituted and 4 superseded for the promissory notes that are 5 listed on Exhibit A on the right side of the 6 page; correct? 7 A. Yes. 8 Q. And Exhibit A set forth the 9 outstanding principal and interest that HCRE 10 owed to Highland under the prior notes as of 11 May 31st, 2017; correct? 12 A. Uh-huh. 13 Q. That is a yes, sir; correct? 14 A. Yes. 15 Q. Okay. Do you know why HCRE borrowed 16 the money from Highland at the times and – and 17 in the amounts set forth on Exhibit A to the	 that were signed by NexPoint, HCRE, and HCMS on May 31st, 2017 collectively as the term notes? A. Yes. Q. Okay. You had the authority to sign each of the term notes on behalf of each of the respective makers; correct? A. Yes. Q. Each of the term notes was for a 30-year term; correct? A. I believe so. Q. Okay. Who decided to give each note a 30-year term, if you know? A. The auditors, the accountants, not me. Q. But you knew that each of the notes was for a 30-year term; is that fair? 	Page 451
1 DONDERO - 10/29/21 2 didn't review it. 3 Q. Okay. This note substituted and 4 superseded for the promissory notes that are 5 listed on Exhibit A on the right side of the 6 page; correct? 7 A. Yes. 8 Q. And Exhibit A set forth the 9 outstanding principal and interest that HCRE 10 owed to Highland under the prior notes as of 11 May 31st, 2017; correct? 12 A. Uh-huh. 13 Q. That is a yes, sir; correct? 14 A. Yes. 15 Q. Okay. Do you know why HCRE borrowed 16 the money from Highland at the times and – and 17 in the amounts set forth on Exhibit A to the 18 promissory note?	 that were signed by NexPoint, HCRE, and HCMS on May 31st, 2017 collectively as the term notes? A. Yes. Q. Okay. You had the authority to sign each of the term notes on behalf of each of the respective makers; correct? A. Yes. Q. Each of the term notes was for a 30-year term; correct? A. I believe so. Q. Okay. Who decided to give each note a 30-year term, if you know? A. The auditors, the accountants, not me. Q. But you knew that each of the notes was for a 30-year term; is that fair? A. Yes, I guess, yes. 	Page 451
1 DONDERO - 10/29/21 2 didn't review it. 3 Q. Okay. This note substituted and 4 superseded for the promissory notes that are 5 listed on Exhibit A on the right side of the 6 page; correct? 7 A. Yes. 8 Q. And Exhibit A set forth the 9 outstanding principal and interest that HCRE 10 owed to Highland under the prior notes as of 11 May 31st, 2017; correct? 12 A. Uh-huh. 13 Q. That is a yes, sir; correct? 14 A. Yes. 15 Q. Okay. Do you know why HCRE borrowed 16 the money from Highland at the times and – and 17 in the amounts set forth on Exhibit A to the 18 promissory note? 19 A. No.	 that were signed by NexPoint, HCRE, and HCMS on May 31st, 2017 collectively as the term notes? A. Yes. Q. Okay. You had the authority to sign each of the term notes on behalf of each of the respective makers; correct? A. Yes. Q. Each of the term notes was for a 30-year term; correct? A. I believe so. Q. Okay. Who decided to give each note a 30-year term, if you know? A. The auditors, the accountants, not me. Q. But you knew that each of the notes was for a 30-year term; is that fair? A. Yes, I guess, yes. Q. Notes were unsecured; right? 	Page 451
1 DONDERO - 10/29/21 2 didn't review it. 3 Q. Okay. This note substituted and 4 superseded for the promissory notes that are 5 listed on Exhibit A on the right side of the 6 page; correct? 7 A. Yes. 8 Q. And Exhibit A set forth the 9 outstanding principal and interest that HCRE 10 owed to Highland under the prior notes as of 11 May 31st, 2017; correct? 12 A. Uh-huh. 13 Q. That is a yes, sir; correct? 14 A. Yes. 15 Q. Okay. Do you know why HCRE borrowed 16 the money from Highland at the times and – and 17 in the amounts set forth on Exhibit A to the 18 promissory note? 19 A. No. 20 Q. Do you have any recollection as to	 that were signed by NexPoint, HCRE, and HCMS on May 31st, 2017 collectively as the term notes? A. Yes. Q. Okay. You had the authority to sign each of the term notes on behalf of each of the respective makers; correct? A. Yes. Q. Each of the term notes was for a 30-year term; correct? A. I believe so. Q. Okay. Who decided to give each note a 30-year term, if you know? A. The auditors, the accountants, not me. Q. But you knew that each of the notes was for a 30-year term; is that fair? A. Yes, I guess, yes. Q. Notes were unsecured; right? A. Yes. 	Page 451
1 DONDERO - 10/29/21 2 didn't review it. 3 Q. Okay. This note substituted and 4 superseded for the promissory notes that are 5 listed on Exhibit A on the right side of the 6 page; correct? 7 A. Yes. 8 Q. And Exhibit A set forth the 9 outstanding principal and interest that HCRE 10 owed to Highland under the prior notes as of 11 May 31st, 2017; correct? 12 A. Uh-huh. 13 Q. That is a yes, sir; correct? 14 A. Yes. 15 Q. Okay. Do you know why HCRE borrowed 16 the money from Highland at the times and – and 17 in the amounts set forth on Exhibit A to the 18 promissory note? 19 A. No. 20 Q. Do you have any recollection as to 21 what HCRE did with the proceeds of the loans	 that were signed by NexPoint, HCRE, and HCMS on May 31st, 2017 collectively as the term notes? A. Yes. Q. Okay. You had the authority to sign each of the term notes on behalf of each of the respective makers; correct? A. Yes. Q. Each of the term notes was for a 30-year term; correct? A. I believe so. Q. Okay. Who decided to give each note a 30-year term, if you know? A. The auditors, the accountants, not me. Q. But you knew that each of the notes was for a 30-year term; is that fair? A. Yes, I guess, yes. Q. Notes were unsecured; right? A. Yes. Q. And the notes were not the product 	Page 451
1 DONDERO - 10/29/21 2 didn't review it. 3 Q. Okay. This note substituted and 4 superseded for the promissory notes that are 5 listed on Exhibit A on the right side of the 6 page; correct? 7 A. Yes. 8 Q. And Exhibit A set forth the 9 outstanding principal and interest that HCRE 10 owed to Highland under the prior notes as of 11 May 31st, 2017; correct? 12 A. Uh-huh. 13 Q. That is a yes, sir; correct? 14 A. Yes. 15 Q. Okay. Do you know why HCRE borrowed 16 the money from Highland at the times and – and 17 in the amounts set forth on Exhibit A to the 18 promissory note? 19 A. No. 20 Q. Do you have any recollection as to	 that were signed by NexPoint, HCRE, and HCMS on May 31st, 2017 collectively as the term notes? A. Yes. Q. Okay. You had the authority to sign each of the term notes on behalf of each of the respective makers; correct? A. Yes. Q. Each of the term notes was for a 30-year term; correct? A. I believe so. Q. Okay. Who decided to give each note a 30-year term, if you know? A. The auditors, the accountants, not me. Q. But you knew that each of the notes was for a 30-year term; is that fair? A. Yes, I guess, yes. Q. Notes were unsecured; right? A. Yes. Q. And the notes were not the product of any negotiations; correct? 	Page 451
didn't review it. Q. Okay. This note substituted and superseded for the promissory notes that are listed on Exhibit A on the right side of the page; correct? A. Yes. Q. And Exhibit A set forth the outstanding principal and interest that HCRE owed to Highland under the prior notes as of May 31st, 2017; correct? A. Uh-huh. Q. That is a yes, sir; correct? A. Yes. Q. Okay. Do you know why HCRE borrowed the money from Highland at the times and — and in the amounts set forth on Exhibit A to the promissory note? A. No. Q. Do you have any recollection as to that they had obtained from Highland between January 2014 and April 2015?	 that were signed by NexPoint, HCRE, and HCMS on May 31st, 2017 collectively as the term notes? A. Yes. Q. Okay. You had the authority to sign each of the term notes on behalf of each of the respective makers; correct? A. Yes. Q. Each of the term notes was for a 30-year term; correct? A. I believe so. Q. Okay. Who decided to give each note a 30-year term, if you know? A. The auditors, the accountants, not me. Q. But you knew that each of the notes was for a 30-year term; is that fair? A. Yes, I guess, yes. Q. Notes were unsecured; right? A. Yes. Q. And the notes were not the product of any negotiations; correct? A. Correct. 	Page 451
1 DONDERO - 10/29/21 2 didn't review it. 3 Q. Okay. This note substituted and 4 superseded for the promissory notes that are 5 listed on Exhibit A on the right side of the 6 page; correct? 7 A. Yes. 8 Q. And Exhibit A set forth the 9 outstanding principal and interest that HCRE 10 owed to Highland under the prior notes as of 11 May 31st, 2017; correct? 12 A. Uh-huh. 13 Q. That is a yes, sir; correct? 14 A. Yes. 15 Q. Okay. Do you know why HCRE borrowed 16 the money from Highland at the times and – and 17 in the amounts set forth on Exhibit A to the 18 promissory note? 19 A. No. 20 Q. Do you have any recollection as to 21 what HCRE did with the proceeds of the loans 22 that they had obtained from Highland between 23 January 2014 and April 2015? 24 A. No.	 that were signed by NexPoint, HCRE, and HCMS on May 31st, 2017 collectively as the term notes? A. Yes. Q. Okay. You had the authority to sign each of the term notes on behalf of each of the respective makers; correct? A. Yes. Q. Each of the term notes was for a 30-year term; correct? A. I believe so. Q. Okay. Who decided to give each note a 30-year term, if you know? A. The auditors, the accountants, not me. Q. But you knew that each of the notes was for a 30-year term; is that fair? A. Yes, I guess, yes. Q. Notes were unsecured; right? A. Yes. Q. And the notes were not the product of any negotiations; correct? A. Correct. Q. Is it fair to say that none of the 	Page 451
didn't review it. Q. Okay. This note substituted and superseded for the promissory notes that are listed on Exhibit A on the right side of the page; correct? A. Yes. Q. And Exhibit A set forth the outstanding principal and interest that HCRE owed to Highland under the prior notes as of May 31st, 2017; correct? A. Uh-huh. Q. That is a yes, sir; correct? A. Yes. Q. Okay. Do you know why HCRE borrowed the money from Highland at the times and — and in the amounts set forth on Exhibit A to the promissory note? A. No. Q. Do you have any recollection as to that they had obtained from Highland between January 2014 and April 2015?	 that were signed by NexPoint, HCRE, and HCMS on May 31st, 2017 collectively as the term notes? A. Yes. Q. Okay. You had the authority to sign each of the term notes on behalf of each of the respective makers; correct? A. Yes. Q. Each of the term notes was for a 30-year term; correct? A. I believe so. Q. Okay. Who decided to give each note a 30-year term, if you know? A. The auditors, the accountants, not me. Q. But you knew that each of the notes was for a 30-year term; is that fair? A. Yes, I guess, yes. Q. Notes were unsecured; right? A. Yes. Q. And the notes were not the product of any negotiations; correct? A. Correct. 	Page 451

Page 452	1 DONDERO - 10/29/21	Page 453
2 from a third party as an alternative to the	2 other financings that NexPoint and HCRE did.	
3 Highland notes?	3 So I would say that is – that is the reason.	
4 A. That's correct.	4 Q. Are you saying that Highland today	
5 Q. Okay. You don't have any reason to	5 really has equity interests in NexPoint, HCRE,	
	6 and HCMS?	
7 have loaned money to NexPoint, HCRE, and HCMS	7 MS. DEITSCH-PEREZ: Object to the	
8 on the terms set forth in each of the term	8 form.	
9 notes, do you?	9 A. Yeah, no, I didn't say that. I'm	
10 MS. DEITSCH-PEREZ: Object to the	10 saying it has subordinated debt interest, but	
11 form.	11 they are soft notes, so they're viewed as	
12 A. I – it is not fair to draw that	12 deeply subordinated equity-ish, so to speak, as	
13 conclusion. You know, particularly NexPoint	13 far as the senior secured debtholders are	
14 has borrowed a lot of money at much lower rates	14 concerned.	
15 at or around 2017 and later, and to this day.	15 Q. Well, that would be true of any	
16 Q. So then why –	16 senior secured debt relative to unsecured debt;	
17 A. The same thing with HCRE.	17 isn't that right?	
18 Q. So then why would HCRE and NexPoint	18 A. Yes, but again, these are	
19 enter into these loans rather than obtaining	19 particularly soft notes, you know.	
20 loans at lower interest rates if they were	20 Q. Okay. At the time you signed these	
21 available?	21 notes, were you aware that each of the term	
22 A. These are soft loans, again, so	22 notes required payment of an annual installment	
23 they're – especially affiliate soft loans to	23 on December 31st of each year?	
24 other creditors are viewed almost as equity or	24 MS. DEITSCH-PEREZ: Object to the	
25 subordinated to senior secured mortgages or	25 form.	
Page 454		Page 455
1 DONDERO - 10/29/21	1 DONDERO - 10/29/21	Page 455
	1 DONDERO - 10/29/21 2 Q. So we were just looking at the third	Page 455
1 DONDERO - 10/29/21		Page 455
1 DONDERO - 10/29/21 2 A. I knew there was more required	2 Q. So we were just looking at the third	Page 455
1 DONDERO - 10/29/21 2 A. I knew there was more required 3 periodic payments than historically, and that	2 Q. So we were just looking at the third 3 in the series of term notes, and if we can go	Page 455
1 DONDERO - 10/29/21 2 A. I knew there was more required 3 periodic payments than historically, and that 4 was part of – partly driven by the – the	 Q. So we were just looking at the third in the series of term notes, and if we can go to the – I apologize, the first page of this 	Page 455
1 DONDERO - 10/29/21 2 A. I knew there was more required 3 periodic payments than historically, and that 4 was part of – partly driven by the – the 5 auditors, I believe.	 Q. So we were just looking at the third in the series of term notes, and if we can go to the – I apologize, the first page of this one, just to refresh your recollection after 	Page 455
1 DONDERO - 10/29/21 2 A. I knew there was more required 3 periodic payments than historically, and that 4 was part of – partly driven by the – the 5 auditors, I believe. 6 THE WITNESS: You know what, can	 Q. So we were just looking at the third in the series of term notes, and if we can go to the – I apologize, the first page of this one, just to refresh your recollection after the break that this is the term note that was 	Page 455
1 DONDERO - 10/29/21 2 A. I knew there was more required 3 periodic payments than historically, and that 4 was part of – partly driven by the – the 5 auditors, I believe. 6 THE WITNESS: You know what, can 7 we – can we take a break for like five or	2 Q. So we were just looking at the third 3 in the series of term notes, and if we can go 4 to the – I apologize, the first page of this 5 one, just to refresh your recollection after 6 the break that this is the term note that was 7 executed by you on behalf of HCRE Partners on	Page 455
1 DONDERO - 10/29/21 2 A. I knew there was more required 3 periodic payments than historically, and that 4 was part of – partly driven by the – the 5 auditors, I believe. 6 THE WITNESS: You know what, can 7 we – can we take a break for like five or 8 10 minutes, and then, you know, at most –	2 Q. So we were just looking at the third 3 in the series of term notes, and if we can go 4 to the – I apologize, the first page of this 5 one, just to refresh your recollection after 6 the break that this is the term note that was 7 executed by you on behalf of HCRE Partners on 8 May 31st, 2017.	Page 455
1 DONDERO - 10/29/21 2 A. I knew there was more required 3 periodic payments than historically, and that 4 was part of – partly driven by the – the 5 auditors, I believe. 6 THE WITNESS: You know what, can 7 we – can we take a break for like five or 8 10 minutes, and then, you know, at most – 9 at most I've got another hour in me today,	2 Q. So we were just looking at the third 3 in the series of term notes, and if we can go 4 to the – I apologize, the first page of this 5 one, just to refresh your recollection after 6 the break that this is the term note that was 7 executed by you on behalf of HCRE Partners on 8 May 31st, 2017. 9 Do you see that?	Page 455
DONDERO - 10/29/21 A. I knew there was more required periodic payments than historically, and that was part of – partly driven by the – the auditors, I believe. THE WITNESS: You know what, can we – can we take a break for like five or 10 minutes, and then, you know, at most – at most I've got another hour in me today, and then so we could just work on when it	Q. So we were just looking at the third in the series of term notes, and if we can go to the — I apologize, the first page of this one, just to refresh your recollection after the break that this is the term note that was executed by you on behalf of HCRE Partners on May 31st, 2017. Do you see that? A. Yes.	Page 455
1 DONDERO - 10/29/21 2 A. I knew there was more required 3 periodic payments than historically, and that 4 was part of – partly driven by the – the 5 auditors, I believe. 6 THE WITNESS: You know what, can 7 we – can we take a break for like five or 8 10 minutes, and then, you know, at most – 9 at most I've got another hour in me today, 10 and then so we could just work on when it 11 fits on everybody else's calendar if we	 Q. So we were just looking at the third in the series of term notes, and if we can go to the – I apologize, the first page of this one, just to refresh your recollection after the break that this is the term note that was executed by you on behalf of HCRE Partners on May 31st, 2017. Do you see that? A. Yes. Q. Okay. And I looked at Paragraph 5 	Page 455
1 DONDERO - 10/29/21 2 A. I knew there was more required 3 periodic payments than historically, and that 4 was part of – partly driven by the – the 5 auditors, I believe. 6 THE WITNESS: You know what, can 7 we – can we take a break for like five or 8 10 minutes, and then, you know, at most – 9 at most I've got another hour in me today, 10 and then so we could just work on when it 11 fits on everybody else's calendar if we 12 can't wrap up in an hour; okay?	Q. So we were just looking at the third in the series of term notes, and if we can go to the – I apologize, the first page of this one, just to refresh your recollection after the break that this is the term note that was executed by you on behalf of HCRE Partners on May 31st, 2017. Do you see that? A. Yes. Q. Okay. And I looked at Paragraph 5 before, but I just want to make sure, you're	Page 455
1 DONDERO - 10/29/21 2 A. I knew there was more required 3 periodic payments than historically, and that 4 was part of – partly driven by the – the 5 auditors, I believe. 6 THE WITNESS: You know what, can 7 we – can we take a break for like five or 8 10 minutes, and then, you know, at most – 9 at most I've got another hour in me today, 10 and then so we could just work on when it 11 fits on everybody else's calendar if we 12 can't wrap up in an hour; okay? 13 MR. MORRIS: No problem,	Q. So we were just looking at the third in the series of term notes, and if we can go to the — I apologize, the first page of this one, just to refresh your recollection after the break that this is the term note that was executed by you on behalf of HCRE Partners on May 31st, 2017. Do you see that? A. Yes. Q. Okay. And I looked at Paragraph 5 before, but I just want to make sure, you're telling me that you didn't read this before you	Page 455
DONDERO - 10/29/21 A. I knew there was more required periodic payments than historically, and that was part of – partly driven by the – the auditors, I believe. THE WITNESS: You know what, can we – can we take a break for like five or 10 minutes, and then, you know, at most – at most I've got another hour in me today, and then so we could just work on when it fits on everybody else's calendar if we can't wrap up in an hour; okay? MR. MORRIS: No problem, Mr. Dondero. So the time now is what –	Q. So we were just looking at the third in the series of term notes, and if we can go to the — I apologize, the first page of this one, just to refresh your recollection after the break that this is the term note that was executed by you on behalf of HCRE Partners on May 31st, 2017. Do you see that? A. Yes. Q. Okay. And I looked at Paragraph 5 before, but I just want to make sure, you're telling me that you didn't read this before you signed it, do I have that right, Paragraph 5?	Page 455
DONDERO - 10/29/21 A. I knew there was more required periodic payments than historically, and that was part of — partly driven by the — the auditors, I believe. THE WITNESS: You know what, can we — can we take a break for like five or number of the poor of the po	Q. So we were just looking at the third in the series of term notes, and if we can go to the — I apologize, the first page of this one, just to refresh your recollection after the break that this is the term note that was executed by you on behalf of HCRE Partners on May 31st, 2017. Do you see that? A. Yes. C. Okay. And I looked at Paragraph 5 before, but I just want to make sure, you're telling me that you didn't read this before you signed it, do I have that right, Paragraph 5? A. Yes.	Page 455
DONDERO - 10/29/21 A. I knew there was more required periodic payments than historically, and that was part of – partly driven by the – the auditors, I believe. THE WITNESS: You know what, can we – can we take a break for like five or numbers, and then, you know, at most – at most I've got another hour in me today, and then so we could just work on when it fits on everybody else's calendar if we can't wrap up in an hour; okay? MR. MORRIS: No problem, Mr. Dondero. So the time now is what – what time do we have? VIDEOGRAPHER: Off the record, 2:56.	Q. So we were just looking at the third in the series of term notes, and if we can go to the — I apologize, the first page of this one, just to refresh your recollection after the break that this is the term note that was executed by you on behalf of HCRE Partners on May 31st, 2017. Do you see that? A. Yes. Q. Okay. And I looked at Paragraph 5 before, but I just want to make sure, you're telling me that you didn't read this before you signed it, do I have that right, Paragraph 5? A. Yes. Q. And so you are unaware — when did	Page 455
DONDERO - 10/29/21 A. I knew there was more required periodic payments than historically, and that was part of – partly driven by the – the auditors, I believe. THE WITNESS: You know what, can we – can we take a break for like five or 10 minutes, and then, you know, at most – at most I've got another hour in me today, and then so we could just work on when it fits on everybody else's calendar if we can't wrap up in an hour; okay? MR. MORRIS: No problem, Mr. Dondero. So the time now is what – what time do we have? VIDEOGRAPHER: Off the record, 2:56. (Recess taken 2:56 p.m. to 3:19 p.m.)	Q. So we were just looking at the third in the series of term notes, and if we can go to the — I apologize, the first page of this one, just to refresh your recollection after the break that this is the term note that was executed by you on behalf of HCRE Partners on May 31st, 2017. Do you see that? A. Yes. Q. Okay. And I looked at Paragraph 5 before, but I just want to make sure, you're telling me that you didn't read this before you signed it, do I have that right, Paragraph 5? A. Yes. Q. And so you are unaware — when did you first — when did you first become aware of	Page 455
DONDERO - 10/29/21 A. I knew there was more required periodic payments than historically, and that was part of — partly driven by the — the auditors, I believe. THE WITNESS: You know what, can we — can we take a break for like five or number of the poor of the po	Q. So we were just looking at the third in the series of term notes, and if we can go to the — I apologize, the first page of this one, just to refresh your recollection after the break that this is the term note that was executed by you on behalf of HCRE Partners on May 31st, 2017. Do you see that? A. Yes. C. Okay. And I looked at Paragraph 5 before, but I just want to make sure, you're telling me that you didn't read this before you signed it, do I have that right, Paragraph 5? A. Yes. C. And so you are unaware — when did you first — when did you first become aware of the provision that is set forth in Paragraph 5?	Page 455
DONDERO - 10/29/21 A. I knew there was more required periodic payments than historically, and that was part of – partly driven by the – the auditors, I believe. THE WITNESS: You know what, can we – can we take a break for like five or 10 minutes, and then, you know, at most – at most I've got another hour in me today, and then so we could just work on when it fits on everybody else's calendar if we can't wrap up in an hour; okay? MR. MORRIS: No problem, Mr. Dondero. So the time now is what – what time do we have? VIDEOGRAPHER: Off the record, 2:56. (Recess taken 2:56 p.m. to 3:19 p.m.) VIDEOGRAPHER: Back on the record, 3:19.	Q. So we were just looking at the third in the series of term notes, and if we can go to the — I apologize, the first page of this one, just to refresh your recollection after the break that this is the term note that was executed by you on behalf of HCRE Partners on May 31st, 2017. Do you see that? A. Yes. Q. Okay. And I looked at Paragraph 5 before, but I just want to make sure, you're telling me that you didn't read this before you signed it, do I have that right, Paragraph 5? A. Yes. Q. And so you are unaware — when did you first — when did you first become aware of the provision that is set forth in Paragraph 5? MS. DEITSCH-PEREZ: Object to the	Page 455
DONDERO - 10/29/21 A. I knew there was more required periodic payments than historically, and that was part of – partly driven by the – the auditors, I believe. THE WITNESS: You know what, can we – can we take a break for like five or 10 minutes, and then, you know, at most – at most I've got another hour in me today, and then so we could just work on when it fits on everybody else's calendar if we can't wrap up in an hour; okay? MR. MORRIS: No problem, Mr. Dondero. So the time now is what – what time do we have? VIDEOGRAPHER: Off the record, 2:56. (Recess taken 2:56 p.m. to 3:19 p.m.) VIDEOGRAPHER: Back on the record, 3:19. Q. Are you ready to proceed, sir? A. Yes.	2 Q. So we were just looking at the third 3 in the series of term notes, and if we can go 4 to the – I apologize, the first page of this 5 one, just to refresh your recollection after 6 the break that this is the term note that was 7 executed by you on behalf of HCRE Partners on 8 May 31st, 2017. 9 Do you see that? 10 A. Yes. 11 Q. Okay. And I looked at Paragraph 5 12 before, but I just want to make sure, you're 13 telling me that you didn't read this before you 14 signed it, do I have that right, Paragraph 5? 15 A. Yes. 16 Q. And so you are unaware – when did 17 you first – when did you first become aware of 18 the provision that is set forth in Paragraph 5? 19 MS. DEITSCH-PEREZ: Object to the 20 form. 21 A. I don't know.	Page 455
DONDERO - 10/29/21 A. I knew there was more required periodic payments than historically, and that was part of – partly driven by the – the auditors, I believe. THE WITNESS: You know what, can we – can we take a break for like five or 10 minutes, and then, you know, at most – at most I've got another hour in me today, and then so we could just work on when it fits on everybody else's calendar if we can't wrap up in an hour; okay? MR. MORRIS: No problem, Mr. Dondero. So the time now is what – what time do we have? VIDEOGRAPHER: Off the record, 2:56. (Recess taken 2:56 p.m. to 3:19 p.m.) VIDEOGRAPHER: Back on the record, 3:19. Q. Are you ready to proceed, sir? A. Yes. Q. Okay. Did you speak with anybody	Q. So we were just looking at the third in the series of term notes, and if we can go to the — I apologize, the first page of this one, just to refresh your recollection after the break that this is the term note that was executed by you on behalf of HCRE Partners on May 31st, 2017. Do you see that? A. Yes. Q. Okay. And I looked at Paragraph 5 before, but I just want to make sure, you're telling me that you didn't read this before you signed it, do I have that right, Paragraph 5? A. Yes. Q. And so you are unaware — when did you first — when did you first become aware of the provision that is set forth in Paragraph 5? MS. DEITSCH-PEREZ: Object to the form. A. I don't know. Q. Okay. Was it before or after the	Page 455
DONDERO - 10/29/21 A. I knew there was more required periodic payments than historically, and that was part of – partly driven by the – the auditors, I believe. THE WITNESS: You know what, can we – can we take a break for like five or not minutes, and then, you know, at most – at most I've got another hour in me today, and then so we could just work on when it fits on everybody else's calendar if we can't wrap up in an hour; okay? MR. MORRIS: No problem, Mr. Dondero. So the time now is what – what time do we have? VIDEOGRAPHER: Off the record, 2:56. Kecess taken 2:56 p.m. to 3:19 p.m.) VIDEOGRAPHER: Back on the record, 3:19. Q. Are you ready to proceed, sir? A. Yes. Q. Okay. Did you speak with anybody during the break about the substance of this	Q. So we were just looking at the third in the series of term notes, and if we can go to the — I apologize, the first page of this one, just to refresh your recollection after the break that this is the term note that was executed by you on behalf of HCRE Partners on May 31st, 2017. Do you see that? A. Yes. Q. Okay. And I looked at Paragraph 5 before, but I just want to make sure, you're telling me that you didn't read this before you signed it, do I have that right, Paragraph 5? A. Yes. Q. And so you are unaware — when did you first — when did you first become aware of the provision that is set forth in Paragraph 5? MS. DEITSCH-PEREZ: Object to the form. A. I don't know. Q. Okay. Was it before or after the	Page 455
DONDERO - 10/29/21 A. I knew there was more required periodic payments than historically, and that was part of – partly driven by the – the auditors, I believe. THE WITNESS: You know what, can we – can we take a break for like five or not minutes, and then, you know, at most – at most I've got another hour in me today, and then so we could just work on when it fits on everybody else's calendar if we can't wrap up in an hour; okay? MR. MORRIS: No problem, Mr. Dondero. So the time now is what – what time do we have? VIDEOGRAPHER: Off the record, 2:56. Kecess taken 2:56 p.m. to 3:19 p.m.) VIDEOGRAPHER: Back on the record, 3:19. Q. Are you ready to proceed, sir? A. Yes. Q. Okay. Did you speak with anybody during the break about the substance of this	Q. So we were just looking at the third in the series of term notes, and if we can go to the — I apologize, the first page of this one, just to refresh your recollection after the break that this is the term note that was executed by you on behalf of HCRE Partners on May 31st, 2017. Do you see that? A. Yes. Q. Okay. And I looked at Paragraph 5 before, but I just want to make sure, you're telling me that you didn't read this before you signed it, do I have that right, Paragraph 5? A. Yes. Q. And so you are unaware — when did you first — when did you first become aware of the provision that is set forth in Paragraph 5? MS. DEITSCH-PEREZ: Object to the form. A. I don't know. Q. Okay. Was it before or after the commencement of the litigation?	Page 455

	Page 456			Page 457
1 DONDERO - 10/29/21		1	DONDERO - 10/29/21	. ago .o.
2 installment payment that was due at the end of		2	suing under it, I guess they did.	
3 2020; correct?		3	Q. Right. And HCMS didn't make the	
4 MS. DEITSCH-PEREZ: Object to – are		4	payment that was due at the end of the year, to	
5 you still talking – have you left HCRE?		5	the best of your knowledge; correct?	
6 MR. MORRIS: No. I said what I		6	MS. DEITSCH-PEREZ: Object to the	
7 meant to. So we can take down the exhibit		7	form.	
8 if that's the part that is confusing you.		8	A. Yeah. I mean, what I'd just	
9 I appreciate that.			separate in my notes here is the HCMFA was just	
10 MS. DEITSCH-PEREZ: Okay.	'		not it wasn't a bona fide note, I guess,	
11 Q. Okay. NexPoint didn't make the	'	11	is - that is - which I guess is a	
12 installment payment that was due at the end of	'	12	different – a different conversation.	
13 2020; correct?	'	13	Q. Yeah. Do you understand that the	
14 MS. DEITSCH-PEREZ: Object to the			question was about HCMS? Let me restate the	
15 form.			question.	
16 A. Yeah. I mean, I think maybe the		16	MS. DEITSCH-PEREZ: Yes.	
17 right way to describe it is Highland or		17	Q. HCMS –	
18 yeah, Highland or Frank Waterhouse on behalf of		18	A. Oh, I'm sorry.	
19 NexPoint didn't make the payment.	'	19	MS. DEITSCH-PEREZ: John, I'm sorry,	
20 Q. Okay. And HCRE didn't make the		20	it is really hard on the video to	
21 installment payment that was due at the end of	2	21	distinguish between HCMF and HCMS, so if	
22 2020; correct?		22	you could just	
23 A. I don't I guess okay, if they	2	23	A. How about just say Services for	
24 missed it too, I – I did not have specific	2	24	Highland Capital Management Services, just	
25 awareness to that, I guess, but if you are	4	25	say – instead of S, just say Services.	
	5 450			Dogo 450
1 DONDEDO 10/20/21	Page 458	4	DONDEDO 10/00/01	Page 459
1 DONDERO - 10/29/21		1	DONDERO - 10/29/21	Page 459
2 Q. Sure. All right. So from now on, I		2	in December 2020. Is that your testimony?	Page 459
Q. Sure. All right. So from now on, I will try and use the word "Services" and you		2	in December 2020. Is that your testimony? A. I was thinking about HCRE and	rage 459
2 Q. Sure. All right. So from now on, I 3 will try and use the word "Services" and you 4 will know that that means Highland Management		2 3 4	in December 2020. Is that your testimony? A. I was thinking about HCRE and Services had zero employees. NexPoint had	Page 459
2 Q. Sure. All right. So from now on, I 3 will try and use the word "Services" and you 4 will know that that means Highland Management 5 Services, Inc.; is that fair?		2 3 4 5	in December 2020. Is that your testimony? A. I was thinking about HCRE and Services had zero employees. NexPoint had employees but none that were involved in basic	rage 459
2 Q. Sure. All right. So from now on, I 3 will try and use the word "Services" and you 4 will know that that means Highland Management 5 Services, Inc.; is that fair? 6 A. Yes, okay.		2 3 4 5 6	in December 2020. Is that your testimony? A. I was thinking about HCRE and Services had zero employees. NexPoint had employees but none that were involved in basic accounting functions.	rage 459
2 Q. Sure. All right. So from now on, I 3 will try and use the word "Services" and you 4 will know that that means Highland Management 5 Services, Inc.; is that fair? 6 A. Yes, okay. 7 Q. Okay. So Services didn't make the		2 3 4 5 6 7	in December 2020. Is that your testimony? A. I was thinking about HCRE and Services had zero employees. NexPoint had employees but none that were involved in basic accounting functions. Q. Okay. And – and there are people,	rage 459
2 Q. Sure. All right. So from now on, I 3 will try and use the word "Services" and you 4 will know that that means Highland Management 5 Services, Inc.; is that fair? 6 A. Yes, okay. 7 Q. Okay. So Services didn't make the 8 installment payment that was due at year-end;		2 3 4 5 6 7 8	in December 2020. Is that your testimony? A. I was thinking about HCRE and Services had zero employees. NexPoint had employees but none that were involved in basic accounting functions. Q. Okay. And – and there are people, including yourself, who were officers or	Fage 459
2 Q. Sure. All right. So from now on, I 3 will try and use the word "Services" and you 4 will know that that means Highland Management 5 Services, Inc.; is that fair? 6 A. Yes, okay. 7 Q. Okay. So Services didn't make the 8 installment payment that was due at year-end; 9 correct?		2 3 4 5 6 7 8	in December 2020. Is that your testimony? A. I was thinking about HCRE and Services had zero employees. NexPoint had employees but none that were involved in basic accounting functions. Q. Okay. And – and there are people, including yourself, who were officers or employees of NexPoint in December 2020;	rage 459
2 Q. Sure. All right. So from now on, I 3 will try and use the word "Services" and you 4 will know that that means Highland Management 5 Services, Inc.; is that fair? 6 A. Yes, okay. 7 Q. Okay. So Services didn't make the 8 installment payment that was due at year-end; 9 correct? 10 A. Yes.		2 3 4 5 6 7 8 9	in December 2020. Is that your testimony? A. I was thinking about HCRE and Services had zero employees. NexPoint had employees but none that were involved in basic accounting functions. Q. Okay. And – and there are people, including yourself, who were officers or employees of NexPoint in December 2020; correct?	rage 459
2 Q. Sure. All right. So from now on, I 3 will try and use the word "Services" and you 4 will know that that means Highland Management 5 Services, Inc.; is that fair? 6 A. Yes, okay. 7 Q. Okay. So Services didn't make the 8 installment payment that was due at year-end; 9 correct? 10 A. Yes. 11 Q. Okay. And I just want to make sure		2 3 4 5 6 7 8 9	in December 2020. Is that your testimony? A. I was thinking about HCRE and Services had zero employees. NexPoint had employees but none that were involved in basic accounting functions. Q. Okay. And – and there are people, including yourself, who were officers or employees of NexPoint in December 2020; correct? A. Yes.	rage 459
2 Q. Sure. All right. So from now on, I 3 will try and use the word "Services" and you 4 will know that that means Highland Management 5 Services, Inc.; is that fair? 6 A. Yes, okay. 7 Q. Okay. So Services didn't make the 8 installment payment that was due at year-end; 9 correct? 10 A. Yes. 11 Q. Okay. And I just want to make sure 12 that I have this right. Is it — is it the		2 3 4 5 6 7 8 9 10 11	in December 2020. Is that your testimony? A. I was thinking about HCRE and Services had zero employees. NexPoint had employees but none that were involved in basic accounting functions. Q. Okay. And – and there are people, including yourself, who were officers or employees of NexPoint in December 2020; correct? A. Yes. Q. And HCRE had officers in December	rage 459
2 Q. Sure. All right. So from now on, I 3 will try and use the word "Services" and you 4 will know that that means Highland Management 5 Services, Inc.; is that fair? 6 A. Yes, okay. 7 Q. Okay. So Services didn't make the 8 installment payment that was due at year-end; 9 correct? 10 A. Yes. 11 Q. Okay. And I just want to make sure 12 that I have this right. Is it – is it the 13 corporate obligors' – those three corporate		2 3 4 5 6 7 8 9 10 11 12 13	in December 2020. Is that your testimony? A. I was thinking about HCRE and Services had zero employees. NexPoint had employees but none that were involved in basic accounting functions. Q. Okay. And — and there are people, including yourself, who were officers or employees of NexPoint in December 2020; correct? A. Yes. Q. And HCRE had officers in December 2020, including you; correct?	rage 459
2 Q. Sure. All right. So from now on, I 3 will try and use the word "Services" and you 4 will know that that means Highland Management 5 Services, Inc.; is that fair? 6 A. Yes, okay. 7 Q. Okay. So Services didn't make the 8 installment payment that was due at year-end; 9 correct? 10 A. Yes. 11 Q. Okay. And I just want to make sure 12 that I have this right. Is it – is it the 13 corporate obligors' – those three corporate 14 obligors' contention that one of the reasons		2 3 4 5 6 7 8 9 10 11 12 13	in December 2020. Is that your testimony? A. I was thinking about HCRE and Services had zero employees. NexPoint had employees but none that were involved in basic accounting functions. Q. Okay. And – and there are people, including yourself, who were officers or employees of NexPoint in December 2020; correct? A. Yes. Q. And HCRE had officers in December 2020, including you; correct? A. Yes. Officers, yes.	rage 459
2 Q. Sure. All right. So from now on, I 3 will try and use the word "Services" and you 4 will know that that means Highland Management 5 Services, Inc.; is that fair? 6 A. Yes, okay. 7 Q. Okay. So Services didn't make the 8 installment payment that was due at year-end; 9 correct? 10 A. Yes. 11 Q. Okay. And I just want to make sure 12 that I have this right. Is it – is it the 13 corporate obligors' – those three corporate 14 obligors' contention that one of the reasons 15 they didn't make the payments at the end of the		2 3 4 5 6 7 8 9 10 11 12 13 14 15	in December 2020. Is that your testimony? A. I was thinking about HCRE and Services had zero employees. NexPoint had employees but none that were involved in basic accounting functions. Q. Okay. And – and there are people, including yourself, who were officers or employees of NexPoint in December 2020; correct? A. Yes. Q. And HCRE had officers in December 2020, including you; correct? A. Yes. Officers, yes. Q. And Services had officers in	rage 459
Q. Sure. All right. So from now on, I will try and use the word "Services" and you will know that that means Highland Management Services, Inc.; is that fair? A. Yes, okay. Q. Okay. So Services didn't make the installment payment that was due at year-end; correct? A. Yes. Q. Okay. And I just want to make sure that I have this right. Is it – is it the corporate obligors' – those three corporate obligors' contention that one of the reasons they didn't make the payments at the end of the		2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	in December 2020. Is that your testimony? A. I was thinking about HCRE and Services had zero employees. NexPoint had employees but none that were involved in basic accounting functions. Q. Okay. And — and there are people, including yourself, who were officers or employees of NexPoint in December 2020; correct? A. Yes. Q. And HCRE had officers in December 2020, including you; correct? A. Yes. Officers, yes. Q. And Services had officers in December 2020, including you; correct?	rage 459
2 Q. Sure. All right. So from now on, I 3 will try and use the word "Services" and you 4 will know that that means Highland Management 5 Services, Inc.; is that fair? 6 A. Yes, okay. 7 Q. Okay. So Services didn't make the 8 installment payment that was due at year-end; 9 correct? 10 A. Yes. 11 Q. Okay. And I just want to make sure 12 that I have this right. Is it – is it the 13 corporate obligors' – those three corporate 14 obligors' contention that one of the reasons 15 they didn't make the payments at the end of the 16 year is that they were relying on Highland to 17 make the payment for them?		2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	in December 2020. Is that your testimony? A. I was thinking about HCRE and Services had zero employees. NexPoint had employees but none that were involved in basic accounting functions. Q. Okay. And – and there are people, including yourself, who were officers or employees of NexPoint in December 2020; correct? A. Yes. Q. And HCRE had officers in December 2020, including you; correct? A. Yes. Officers, yes. Q. And Services had officers in December 2020, including you; correct? A. Yes.	rage 459
Q. Sure. All right. So from now on, I will try and use the word "Services" and you will know that that means Highland Management Services, Inc.; is that fair? A. Yes, okay. Q. Okay. So Services didn't make the installment payment that was due at year-end; correct? A. Yes. C. Okay. And I just want to make sure that I have this right. Is it – is it the corporate obligors' – those three corporate obligors' contention that one of the reasons they didn't make the payments at the end of the year is that they were relying on Highland to make the payment for them? A. Absolutely.		2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	in December 2020. Is that your testimony? A. I was thinking about HCRE and Services had zero employees. NexPoint had employees but none that were involved in basic accounting functions. Q. Okay. And – and there are people, including yourself, who were officers or employees of NexPoint in December 2020; correct? A. Yes. Q. And HCRE had officers in December 2020, including you; correct? A. Yes. Officers, yes. Q. And Services had officers in December 2020, including you; correct? A. Yes. Q. Okay. I think in summary form, to	rage 459
2 Q. Sure. All right. So from now on, I 3 will try and use the word "Services" and you 4 will know that that means Highland Management 5 Services, Inc.; is that fair? 6 A. Yes, okay. 7 Q. Okay. So Services didn't make the 8 installment payment that was due at year-end; 9 correct? 10 A. Yes. 11 Q. Okay. And I just want to make sure 12 that I have this right. Is it – is it the 13 corporate obligors' – those three corporate 14 obligors' contention that one of the reasons 15 they didn't make the payments at the end of the 16 year is that they were relying on Highland to 17 make the payment for them? 18 A. Absolutely. 19 Q. Okay.		2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	in December 2020. Is that your testimony? A. I was thinking about HCRE and Services had zero employees. NexPoint had employees but none that were involved in basic accounting functions. Q. Okay. And – and there are people, including yourself, who were officers or employees of NexPoint in December 2020; correct? A. Yes. Q. And HCRE had officers in December 2020, including you; correct? A. Yes. Officers, yes. Q. And Services had officers in December 2020, including you; correct? A. Yes. Q. Okay. I think in summary form, to be fair, I think we have identified one of the	rage 459
2 Q. Sure. All right. So from now on, I 3 will try and use the word "Services" and you 4 will know that that means Highland Management 5 Services, Inc.; is that fair? 6 A. Yes, okay. 7 Q. Okay. So Services didn't make the 8 installment payment that was due at year-end; 9 correct? 10 A. Yes. 11 Q. Okay. And I just want to make sure 12 that I have this right. Is it – is it the 13 corporate obligors' – those three corporate 14 obligors' contention that one of the reasons 15 they didn't make the payments at the end of the 16 year is that they were relying on Highland to 17 make the payment for them? 18 A. Absolutely. 19 Q. Okay. 20 A. It was due course de minimis, and		2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	in December 2020. Is that your testimony? A. I was thinking about HCRE and Services had zero employees. NexPoint had employees but none that were involved in basic accounting functions. Q. Okay. And — and there are people, including yourself, who were officers or employees of NexPoint in December 2020; correct? A. Yes. Q. And HCRE had officers in December 2020, including you; correct? A. Yes. Officers, yes. Q. And Services had officers in December 2020, including you; correct? A. Yes. Q. Okay. I think in summary form, to be fair, I think we have identified one of the defenses for these three corporate obligors.	rage 459
Q. Sure. All right. So from now on, I will try and use the word "Services" and you will know that that means Highland Management Services, Inc.; is that fair? A. Yes, okay. Q. Okay. So Services didn't make the installment payment that was due at year-end; correct? A. Yes. Q. Okay. And I just want to make sure that I have this right. Is it – is it the corporate obligors' – those three corporate obligors' contention that one of the reasons they didn't make the payments at the end of the year is that they were relying on Highland to make the payment for them? A. Absolutely. Q. Okay. A. It was due course de minimis, and those entities didn't have a single employee or		2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	in December 2020. Is that your testimony? A. I was thinking about HCRE and Services had zero employees. NexPoint had employees but none that were involved in basic accounting functions. Q. Okay. And – and there are people, including yourself, who were officers or employees of NexPoint in December 2020; correct? A. Yes. Q. And HCRE had officers in December 2020, including you; correct? A. Yes. Officers, yes. Q. And Services had officers in December 2020, including you; correct? A. Yes. Q. Okay. I think in summary form, to be fair, I think we have identified one of the defenses for these three corporate obligors. Two of them have the defense of	rage 459
Q. Sure. All right. So from now on, I will try and use the word "Services" and you will know that that means Highland Management Services, Inc.; is that fair? A. Yes, okay. Q. Okay. So Services didn't make the installment payment that was due at year-end; correct? A. Yes. Q. Okay. And I just want to make sure that I have this right. Is it — is it the corporate obligors' — those three corporate obligors' contention that one of the reasons they didn't make the payments at the end of the year is that they were relying on Highland to make the payment for them? A. Absolutely. Q. Okay. A. It was due course de minimis, and those entities didn't have a single employee or capable financial person other than the people		2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	in December 2020. Is that your testimony? A. I was thinking about HCRE and Services had zero employees. NexPoint had employees but none that were involved in basic accounting functions. Q. Okay. And — and there are people, including yourself, who were officers or employees of NexPoint in December 2020; correct? A. Yes. Q. And HCRE had officers in December 2020, including you; correct? A. Yes. Officers, yes. Q. And Services had officers in December 2020, including you; correct? A. Yes. Q. Okay. I think in summary form, to be fair, I think we have identified one of the defenses for these three corporate obligors. Two of them have the defense of prepayment; right?	rage 459
Q. Sure. All right. So from now on, I will try and use the word "Services" and you will know that that means Highland Management Services, Inc.; is that fair? A. Yes, okay. Q. Okay. So Services didn't make the installment payment that was due at year-end; correct? A. Yes. Q. Okay. And I just want to make sure that I have this right. Is it – is it the corporate obligors' – those three corporate obligors' contention that one of the reasons they didn't make the payments at the end of the year is that they were relying on Highland to make the payment for them? A. Absolutely. Q. Okay. A. It was due course de minimis, and those entities didn't have a single employee or capable financial person other than the people at Highland that were doing the shared services		2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	in December 2020. Is that your testimony? A. I was thinking about HCRE and Services had zero employees. NexPoint had employees but none that were involved in basic accounting functions. Q. Okay. And — and there are people, including yourself, who were officers or employees of NexPoint in December 2020; correct? A. Yes. Q. And HCRE had officers in December 2020, including you; correct? A. Yes. Officers, yes. Q. And Services had officers in December 2020, including you; correct? A. Yes. Q. Okay. I think in summary form, to be fair, I think we have identified one of the defenses for these three corporate obligors. Two of them have the defense of prepayment; right? A. Yes.	rage 459
Q. Sure. All right. So from now on, I will try and use the word "Services" and you will know that that means Highland Management Services, Inc.; is that fair? A. Yes, okay. Q. Okay. So Services didn't make the installment payment that was due at year-end; correct? A. Yes. Q. Okay. And I just want to make sure that I have this right. Is it — is it the corporate obligors' — those three corporate obligors' contention that one of the reasons they didn't make the payments at the end of the year is that they were relying on Highland to make the payment for them? A. Absolutely. Q. Okay. A. It was due course de minimis, and those entities didn't have a single employee or capable financial person other than the people		2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	in December 2020. Is that your testimony? A. I was thinking about HCRE and Services had zero employees. NexPoint had employees but none that were involved in basic accounting functions. Q. Okay. And — and there are people, including yourself, who were officers or employees of NexPoint in December 2020; correct? A. Yes. Q. And HCRE had officers in December 2020, including you; correct? A. Yes. Officers, yes. Q. And Services had officers in December 2020, including you; correct? A. Yes. Q. Okay. I think in summary form, to be fair, I think we have identified one of the defenses for these three corporate obligors. Two of them have the defense of prepayment; right?	rage 459

1				
	Page 460 DONDERO - 10/29/21	1	DONDERO - 10/29/21	Page 461
2	Do you have that – do I have that	2	contentious with you. We have identified one	
3	right?	3	defense that these corporate obligors contends	
4	A. Yes.	4	exists; and that is, Highland was supposed to	
5	Q. Which of the other two, remind me?	5	make the payment. Fair?	
6	A. Services.	6	A. Yes.	
7	Q. Okay. So NexPoint and Services have	7	Q. And then we have identified a second	
8	the defense of prepayment. Are there any other	8	defense for NexPoint and HCMS, and that is	
9	reasons that you know of that these three	9	their defense that they prepaid.	
10	corporate obligors didn't make the annual	10	Do I have that generally right?	
111	installment payment that was due at the end of	11	A. Yes.	
12	the year?	12	Q. Can you describe for me any other	
13	MS. DEITSCH-PEREZ: Object to the	13	defenses that these three corporate obligors	
14	form.	14	have for not making the payment that was due at	
15	A. Again, they – they should have been	15	the end of the year?	
16	in regular course. Those payments – using the	16	MS. DEITSCH-PEREZ: Object to the	
17	word "payment" is almost like an overstatement	17	form.	
18	of the significance or the amount. If the	18	A. I'm thinking. Not at the moment.	
19	amounts were small in all cases, they should	19	Q. Okay. Did you instruct anyone in	
20	have been made or they should have been paid,	20	December of 2020 to make the installment	
21	even in the context of contention and even in	21	payments that were due on December 31st under	
22	the context of the larger amounts of money that	22	these three term notes?	
23	Highland owed us.	23	MS. DEITSCH-PEREZ: Object to the	
24	Q. I'm just – I'm just asking a pretty	24	form, asked and answered.	
25		25	A. No.	
23	simple question, sir. I don't mean to be	25	A. No.	
1	Page 462 DONDERO - 10/29/21		DONDERO - 10/29/21	Page 463
1'	DOINDLING - 10/23/21	1 1		
12		1		
2	Q. Okay. Did you take any steps to	2	corporate obligors under the term notes ever	
3	Q. Okay. Did you take any steps to confirm that Highland would make the payments	2 3	corporate obligors under the term notes ever took any steps in December 2020 to make sure	
3 4	Q. Okay. Did you take any steps to confirm that Highland would make the payments that were due under these three term notes at	2 3 4	corporate obligors under the term notes ever took any steps in December 2020 to make sure that Highland would, in fact, make the payments	
3 4 5	Q. Okay. Did you take any steps to confirm that Highland would make the payments that were due under these three term notes at the end of the year?	2 3 4 5	corporate obligors under the term notes ever took any steps in December 2020 to make sure that Highland would, in fact, make the payments that were due at year-end?	
3 4 5 6	Q. Okay. Did you take any steps to confirm that Highland would make the payments that were due under these three term notes at the end of the year? MS. DEITSCH-PEREZ: Object to the	2 3 4 5 6	corporate obligors under the term notes ever took any steps in December 2020 to make sure that Highland would, in fact, make the payments that were due at year-end? MS. DEITSCH-PEREZ: Object to the	
3 4 5 6 7	Q. Okay. Did you take any steps to confirm that Highland would make the payments that were due under these three term notes at the end of the year? MS. DEITSCH-PEREZ: Object to the form.	2 3 4 5 6 7	corporate obligors under the term notes ever took any steps in December 2020 to make sure that Highland would, in fact, make the payments that were due at year-end? MS. DEITSCH-PEREZ: Object to the form.	
3 4 5 6 7 8	Q. Okay. Did you take any steps to confirm that Highland would make the payments that were due under these three term notes at the end of the year? MS. DEITSCH-PEREZ: Object to the form. A. No. I testified already the first I	2 3 4 5 6 7 8	corporate obligors under the term notes ever took any steps in December 2020 to make sure that Highland would, in fact, make the payments that were due at year-end? MS. DEITSCH-PEREZ: Object to the form. A. No, there was a reliance on	
3 4 5 6 7 8 9	Q. Okay. Did you take any steps to confirm that Highland would make the payments that were due under these three term notes at the end of the year? MS. DEITSCH-PEREZ: Object to the form. A. No. I testified already the first I heard about it was a week or two later. And I	2 3 4 5 6 7 8 9	corporate obligors under the term notes ever took any steps in December 2020 to make sure that Highland would, in fact, make the payments that were due at year-end? MS. DEITSCH-PEREZ: Object to the form. A. No, there was a reliance on Highland.	
3 4 5 6 7 8 9	Q. Okay. Did you take any steps to confirm that Highland would make the payments that were due under these three term notes at the end of the year? MS. DEITSCH-PEREZ: Object to the form. A. No. I testified already the first I heard about it was a week or two later. And I called up Frank and confirmed with him to make	2 3 4 5 6 7 8 9	corporate obligors under the term notes ever took any steps in December 2020 to make sure that Highland would, in fact, make the payments that were due at year-end? MS. DEITSCH-PEREZ: Object to the form. A. No, there was a reliance on Highland. Q. Okay. Is it your testimony that	
3 4 5 6 7 8 9 10	Q. Okay. Did you take any steps to confirm that Highland would make the payments that were due under these three term notes at the end of the year? MS. DEITSCH-PEREZ: Object to the form. A. No. I testified already the first I heard about it was a week or two later. And I called up Frank and confirmed with him to make sure they got paid and make sure they were back	2 3 4 5 6 7 8 9 10	corporate obligors under the term notes ever took any steps in December 2020 to make sure that Highland would, in fact, make the payments that were due at year-end? MS. DEITSCH-PEREZ: Object to the form. A. No, there was a reliance on Highland. Q. Okay. Is it your testimony that Highland was authorized to make the payments	
3 4 5 6 7 8 9 10 11 12	Q. Okay. Did you take any steps to confirm that Highland would make the payments that were due under these three term notes at the end of the year? MS. DEITSCH-PEREZ: Object to the form. A. No. I testified already the first I heard about it was a week or two later. And I called up Frank and confirmed with him to make sure they got paid and make sure they were back in compliance.	2 3 4 5 6 7 8 9 10 11 12	corporate obligors under the term notes ever took any steps in December 2020 to make sure that Highland would, in fact, make the payments that were due at year-end? MS. DEITSCH-PEREZ: Object to the form. A. No, there was a reliance on Highland. Q. Okay. Is it your testimony that Highland was authorized to make the payments under the notes at year-end without being	
3 4 5 6 7 8 9 10 11 12 13	Q. Okay. Did you take any steps to confirm that Highland would make the payments that were due under these three term notes at the end of the year? MS. DEITSCH-PEREZ: Object to the form. A. No. I testified already the first I heard about it was a week or two later. And I called up Frank and confirmed with him to make sure they got paid and make sure they were back in compliance. Q. Okay.	2 3 4 5 6 7 8 9 10 11 12 13	corporate obligors under the term notes ever took any steps in December 2020 to make sure that Highland would, in fact, make the payments that were due at year-end? MS. DEITSCH-PEREZ: Object to the form. A. No, there was a reliance on Highland. Q. Okay. Is it your testimony that Highland was authorized to make the payments under the notes at year-end without being directed by a representative of the three	
3 4 5 6 7 8 9 10 11 12 13 14	Q. Okay. Did you take any steps to confirm that Highland would make the payments that were due under these three term notes at the end of the year? MS. DEITSCH-PEREZ: Object to the form. A. No. I testified already the first I heard about it was a week or two later. And I called up Frank and confirmed with him to make sure they got paid and make sure they were back in compliance. Q. Okay. MR. MORRIS: I move to strike	2 3 4 5 6 7 8 9 10 11 12 13 14	corporate obligors under the term notes ever took any steps in December 2020 to make sure that Highland would, in fact, make the payments that were due at year-end? MS. DEITSCH-PEREZ: Object to the form. A. No, there was a reliance on Highland. Q. Okay. Is it your testimony that Highland was authorized to make the payments under the notes at year-end without being directed by a representative of the three corporate obligors?	
3 4 5 6 7 8 9 10 11 12 13 14 15	Q. Okay. Did you take any steps to confirm that Highland would make the payments that were due under these three term notes at the end of the year? MS. DEITSCH-PEREZ: Object to the form. A. No. I testified already the first I heard about it was a week or two later. And I called up Frank and confirmed with him to make sure they got paid and make sure they were back in compliance. Q. Okay. MR. MORRIS: I move to strike everything after the word "no."	2 3 4 5 6 7 8 9 10 11 12 13 14 15	corporate obligors under the term notes ever took any steps in December 2020 to make sure that Highland would, in fact, make the payments that were due at year-end? MS. DEITSCH-PEREZ: Object to the form. A. No, there was a reliance on Highland. Q. Okay. Is it your testimony that Highland was authorized to make the payments under the notes at year-end without being directed by a representative of the three corporate obligors? A. Yes. It is my contention that that	
3 4 5 6 7 8 9 10 11 12 13 14 15 16	Q. Okay. Did you take any steps to confirm that Highland would make the payments that were due under these three term notes at the end of the year? MS. DEITSCH-PEREZ: Object to the form. A. No. I testified already the first I heard about it was a week or two later. And I called up Frank and confirmed with him to make sure they got paid and make sure they were back in compliance. Q. Okay. MR. MORRIS: I move to strike everything after the word "no." Q. Do you know whether anybody on	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	corporate obligors under the term notes ever took any steps in December 2020 to make sure that Highland would, in fact, make the payments that were due at year-end? MS. DEITSCH-PEREZ: Object to the form. A. No, there was a reliance on Highland. Q. Okay. Is it your testimony that Highland was authorized to make the payments under the notes at year-end without being directed by a representative of the three corporate obligors? A. Yes. It is my contention that that is how it worked in prior years also.	
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	Q. Okay. Did you take any steps to confirm that Highland would make the payments that were due under these three term notes at the end of the year? MS. DEITSCH-PEREZ: Object to the form. A. No. I testified already the first I heard about it was a week or two later. And I called up Frank and confirmed with him to make sure they got paid and make sure they were back in compliance. Q. Okay. MR. MORRIS: I move to strike everything after the word "no." Q. Do you know whether anybody on behalf of any of the three corporate obligors	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	corporate obligors under the term notes ever took any steps in December 2020 to make sure that Highland would, in fact, make the payments that were due at year-end? MS. DEITSCH-PEREZ: Object to the form. A. No, there was a reliance on Highland. Q. Okay. Is it your testimony that Highland was authorized to make the payments under the notes at year-end without being directed by a representative of the three corporate obligors? A. Yes. It is my contention that that is how it worked in prior years also. Q. And so you believe that nobody on	
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. Okay. Did you take any steps to confirm that Highland would make the payments that were due under these three term notes at the end of the year? MS. DEITSCH-PEREZ: Object to the form. A. No. I testified already the first I heard about it was a week or two later. And I called up Frank and confirmed with him to make sure they got paid and make sure they were back in compliance. Q. Okay. MR. MORRIS: I move to strike everything after the word "no." Q. Do you know whether anybody on behalf of any of the three corporate obligors under the term notes ever directed Highland to	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	corporate obligors under the term notes ever took any steps in December 2020 to make sure that Highland would, in fact, make the payments that were due at year-end? MS. DEITSCH-PEREZ: Object to the form. A. No, there was a reliance on Highland. Q. Okay. Is it your testimony that Highland was authorized to make the payments under the notes at year-end without being directed by a representative of the three corporate obligors? A. Yes. It is my contention that that is how it worked in prior years also. Q. And so you believe that nobody on behalf of any of the corporate obligors ever	
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	Q. Okay. Did you take any steps to confirm that Highland would make the payments that were due under these three term notes at the end of the year? MS. DEITSCH-PEREZ: Object to the form. A. No. I testified already the first I heard about it was a week or two later. And I called up Frank and confirmed with him to make sure they got paid and make sure they were back in compliance. Q. Okay. MR. MORRIS: I move to strike everything after the word "no." Q. Do you know whether anybody on behalf of any of the three corporate obligors under the term notes ever directed Highland to make the payments under them at the end of the	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	corporate obligors under the term notes ever took any steps in December 2020 to make sure that Highland would, in fact, make the payments that were due at year-end? MS. DEITSCH-PEREZ: Object to the form. A. No, there was a reliance on Highland. Q. Okay. Is it your testimony that Highland was authorized to make the payments under the notes at year-end without being directed by a representative of the three corporate obligors? A. Yes. It is my contention that that is how it worked in prior years also. Q. And so you believe that nobody on behalf of any of the corporate obligors ever authorized or directed Highland to make the	
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	Q. Okay. Did you take any steps to confirm that Highland would make the payments that were due under these three term notes at the end of the year? MS. DEITSCH-PEREZ: Object to the form. A. No. I testified already the first I heard about it was a week or two later. And I called up Frank and confirmed with him to make sure they got paid and make sure they were back in compliance. Q. Okay. MR. MORRIS: I move to strike everything after the word "no." Q. Do you know whether anybody on behalf of any of the three corporate obligors under the term notes ever directed Highland to make the payments under them at the end of the year?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	corporate obligors under the term notes ever took any steps in December 2020 to make sure that Highland would, in fact, make the payments that were due at year-end? MS. DEITSCH-PEREZ: Object to the form. A. No, there was a reliance on Highland. Q. Okay. Is it your testimony that Highland was authorized to make the payments under the notes at year-end without being directed by a representative of the three corporate obligors? A. Yes. It is my contention that that is how it worked in prior years also. Q. And so you believe that nobody on behalf of any of the corporate obligors ever authorized or directed Highland to make the payments but that Highland did it without —	
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	Q. Okay. Did you take any steps to confirm that Highland would make the payments that were due under these three term notes at the end of the year? MS. DEITSCH-PEREZ: Object to the form. A. No. I testified already the first I heard about it was a week or two later. And I called up Frank and confirmed with him to make sure they got paid and make sure they were back in compliance. Q. Okay. MR. MORRIS: I move to strike everything after the word "no." Q. Do you know whether anybody on behalf of any of the three corporate obligors under the term notes ever directed Highland to make the payments under them at the end of the year? MS. DEITSCH-PEREZ: Object to the	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	corporate obligors under the term notes ever took any steps in December 2020 to make sure that Highland would, in fact, make the payments that were due at year-end? MS. DEITSCH-PEREZ: Object to the form. A. No, there was a reliance on Highland. Q. Okay. Is it your testimony that Highland was authorized to make the payments under the notes at year-end without being directed by a representative of the three corporate obligors? A. Yes. It is my contention that that is how it worked in prior years also. Q. And so you believe that nobody on behalf of any of the corporate obligors ever authorized or directed Highland to make the payments but that Highland did it without — without direction?	
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	Q. Okay. Did you take any steps to confirm that Highland would make the payments that were due under these three term notes at the end of the year? MS. DEITSCH-PEREZ: Object to the form. A. No. I testified already the first I heard about it was a week or two later. And I called up Frank and confirmed with him to make sure they got paid and make sure they were back in compliance. Q. Okay. MR. MORRIS: I move to strike everything after the word "no." Q. Do you know whether anybody on behalf of any of the three corporate obligors under the term notes ever directed Highland to make the payments under them at the end of the year? MS. DEITSCH-PEREZ: Object to the form.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	corporate obligors under the term notes ever took any steps in December 2020 to make sure that Highland would, in fact, make the payments that were due at year-end? MS. DEITSCH-PEREZ: Object to the form. A. No, there was a reliance on Highland. Q. Okay. Is it your testimony that Highland was authorized to make the payments under the notes at year-end without being directed by a representative of the three corporate obligors? A. Yes. It is my contention that that is how it worked in prior years also. Q. And so you believe that nobody on behalf of any of the corporate obligors ever authorized or directed Highland to make the payments but that Highland did it without — without direction? MS. DEITSCH-PEREZ: Object to the	
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. Okay. Did you take any steps to confirm that Highland would make the payments that were due under these three term notes at the end of the year? MS. DEITSCH-PEREZ: Object to the form. A. No. I testified already the first I heard about it was a week or two later. And I called up Frank and confirmed with him to make sure they got paid and make sure they were back in compliance. Q. Okay. MR. MORRIS: I move to strike everything after the word "no." Q. Do you know whether anybody on behalf of any of the three corporate obligors under the term notes ever directed Highland to make the payments under them at the end of the year? MS. DEITSCH-PEREZ: Object to the form. A. Not before the end of the year, no.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	corporate obligors under the term notes ever took any steps in December 2020 to make sure that Highland would, in fact, make the payments that were due at year-end? MS. DEITSCH-PEREZ: Object to the form. A. No, there was a reliance on Highland. Q. Okay. Is it your testimony that Highland was authorized to make the payments under the notes at year-end without being directed by a representative of the three corporate obligors? A. Yes. It is my contention that that is how it worked in prior years also. Q. And so you believe that nobody on behalf of any of the corporate obligors ever authorized or directed Highland to make the payments but that Highland did it without — without direction? MS. DEITSCH-PEREZ: Object to the form.	
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	Q. Okay. Did you take any steps to confirm that Highland would make the payments that were due under these three term notes at the end of the year? MS. DEITSCH-PEREZ: Object to the form. A. No. I testified already the first I heard about it was a week or two later. And I called up Frank and confirmed with him to make sure they got paid and make sure they were back in compliance. Q. Okay. MR. MORRIS: I move to strike everything after the word "no." Q. Do you know whether anybody on behalf of any of the three corporate obligors under the term notes ever directed Highland to make the payments under them at the end of the year? MS. DEITSCH-PEREZ: Object to the form. A. Not before the end of the year, no. Q. Okay. And do you know whether	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	corporate obligors under the term notes ever took any steps in December 2020 to make sure that Highland would, in fact, make the payments that were due at year-end? MS. DEITSCH-PEREZ: Object to the form. A. No, there was a reliance on Highland. Q. Okay. Is it your testimony that Highland was authorized to make the payments under the notes at year-end without being directed by a representative of the three corporate obligors? A. Yes. It is my contention that that is how it worked in prior years also. Q. And so you believe that nobody on behalf of any of the corporate obligors ever authorized or directed Highland to make the payments but that Highland did it without — without direction? MS. DEITSCH-PEREZ: Object to the form. A. Yes, typically. And in 2017 or	
3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	Q. Okay. Did you take any steps to confirm that Highland would make the payments that were due under these three term notes at the end of the year? MS. DEITSCH-PEREZ: Object to the form. A. No. I testified already the first I heard about it was a week or two later. And I called up Frank and confirmed with him to make sure they got paid and make sure they were back in compliance. Q. Okay. MR. MORRIS: I move to strike everything after the word "no." Q. Do you know whether anybody on behalf of any of the three corporate obligors under the term notes ever directed Highland to make the payments under them at the end of the year? MS. DEITSCH-PEREZ: Object to the form. A. Not before the end of the year, no.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	corporate obligors under the term notes ever took any steps in December 2020 to make sure that Highland would, in fact, make the payments that were due at year-end? MS. DEITSCH-PEREZ: Object to the form. A. No, there was a reliance on Highland. Q. Okay. Is it your testimony that Highland was authorized to make the payments under the notes at year-end without being directed by a representative of the three corporate obligors? A. Yes. It is my contention that that is how it worked in prior years also. Q. And so you believe that nobody on behalf of any of the corporate obligors ever authorized or directed Highland to make the payments but that Highland did it without — without direction? MS. DEITSCH-PEREZ: Object to the form.	

Page 464		Page 465
1 DONDERO - 10/29/21	1 DONDERO - 10/29/21	Page 465
2 Q. Okay. We have looked at one – at	2 to notes that were held by Highland?	
3 one December 3rd letter. I mean, do you	3 A. No.	
4 remember that you also received a number of	4 Q. Do you recall this letter at all?	
5 letters on December 3rd demanding payment on	5 A. No, if I – if I had, I would have	
6 certain promissory notes?	6 made the forgiveness argument or I would have	
7 A. No.	7 told someone to make the forgiveness argument,	
8 Q. All right.	8 but I don't remember this at all.	
9 MR. MORRIS: Can we call up	9 Q. Okay. Is it fair to say that	
10 Exhibit 2, please. No, I apologize. Not	10 neither you nor anyone acting on behalf of	
11 Exhibit 2, Exhibit 4.	11 yourself, HCMS, or HCRE ever responded to any	
12 (Exhibit 4 marked.)	12 of the demand letters at the beginning of	
MS. DEITSCH-PEREZ: Exhibit 4 in the	13 December 2020?	
14 notebook?	14 MS. DEITSCH-PEREZ: Object to the	
15 MR. MORRIS: Yes, ma'am.	15 form.	
16 Okay. And now let's – let's go to	16 A. Yes, I don't – I don't know.	
17 the exhibits. Exhibit 2, Exhibit 3,	17 Q. You don't have any knowledge of	
18 Exhibit 4, Exhibit 5.	18 that; is that fair?	
19 Q. Do you see, sir, that this is a	MS. DEITSCH-PEREZ: Object to the	
20 letter addressed to you on behalf of HCRE	20 form.	
21 Partners that is also dated December 3rd, 2020?	21 A. I don't know.	
22 A. Yes.	22 Q. And you don't have any knowledge of	
23 Q. Does that refresh your recollection	23 anybody responding to any demand letter that	
24 that you also received notices, demand notices	24 was sent to HCMFA; correct?	
25 on or around December 3rd, 2020, with respect	25 MS. DEITSCH-PEREZ: Object to the	
·		
D 400		D 107
Page 466	1 DONDERO - 10/29/21	Page 467
1 DONDERO - 10/29/21		Page 467
1 DONDERO - 10/29/21 2 form.	2 on a note might send a demand letter to the	Page 467
1 DONDERO - 10/29/21 2 form. 3 A. HCMFA or Services?	2 on a note might send a demand letter to the3 treasurer of the maker of the note?	Page 467
1 DONDERO - 10/29/21 2 form. 3 A. HCMFA or Services? 4 Q. HCMFA?	 2 on a note might send a demand letter to the 3 treasurer of the maker of the note? 4 MS. DEITSCH-PEREZ: Object to form. 	Page 467
 DONDERO - 10/29/21 form. A. HCMFA or Services? Q. HCMFA? A. I – I don't know. I don't have any 	 2 on a note might send a demand letter to the 3 treasurer of the maker of the note? 4 MS. DEITSCH-PEREZ: Object to form. 5 A. I'm just saying they could have sent 	Page 467
1 DONDERO - 10/29/21 2 form. 3 A. HCMFA or Services? 4 Q. HCMFA? 5 A. I – I don't know. I don't have any 6 knowledge.	 2 on a note might send a demand letter to the 3 treasurer of the maker of the note? 4 MS. DEITSCH-PEREZ: Object to form. 5 A. I'm just saying they could have sent 6 the NexPoint letter or the Services letter to 	Page 467
1 DONDERO - 10/29/21 2 form. 3 A. HCMFA or Services? 4 Q. HCMFA? 5 A. I – I don't know. I don't have any 6 knowledge. 7 MR. MORRIS: Can we put up	 2 on a note might send a demand letter to the 3 treasurer of the maker of the note? 4 MS. DEITSCH-PEREZ: Object to form. 5 A. I'm just saying they could have sent 6 the NexPoint letter or the Services letter to 7 him also; right? 	Page 467
1 DONDERO - 10/29/21 2 form. 3 A. HCMFA or Services? 4 Q. HCMFA? 5 A. I – I don't know. I don't have any 6 knowledge. 7 MR. MORRIS: Can we put up 8 Exhibit 1, please.	 2 on a note might send a demand letter to the 3 treasurer of the maker of the note? 4 MS. DEITSCH-PEREZ: Object to form. 5 A. I'm just saying they could have sent 6 the NexPoint letter or the Services letter to 7 him also; right? 8 Q. I don't – I think the NexPoint is 	Page 467
1 DONDERO - 10/29/21 2 form. 3 A. HCMFA or Services? 4 Q. HCMFA? 5 A. I – I don't know. I don't have any 6 knowledge. 7 MR. MORRIS: Can we put up 8 Exhibit 1, please. 9 (Exhibit 1 marked.)	 2 on a note might send a demand letter to the 3 treasurer of the maker of the note? 4 MS. DEITSCH-PEREZ: Object to form. 5 A. I'm just saying they could have sent 6 the NexPoint letter or the Services letter to 7 him also; right? 	Page 467
1 DONDERO - 10/29/21 2 form. 3 A. HCMFA or Services? 4 Q. HCMFA? 5 A. I – I don't know. I don't have any 6 knowledge. 7 MR. MORRIS: Can we put up 8 Exhibit 1, please. 9 (Exhibit 1 marked.) 10 MR. MORRIS: We probably want to go	2 on a note might send a demand letter to the 3 treasurer of the maker of the note? 4 MS. DEITSCH-PEREZ: Object to form. 5 A. I'm just saying they could have sent 6 the NexPoint letter or the Services letter to 7 him also; right? 8 Q. I don't – I think the NexPoint is 9 only a term note; right? So there is no demand 10 letter.	Page 467
1 DONDERO - 10/29/21 2 form. 3 A. HCMFA or Services? 4 Q. HCMFA? 5 A. I – I don't know. I don't have any 6 knowledge. 7 MR. MORRIS: Can we put up 8 Exhibit 1, please. 9 (Exhibit 1 marked.) 10 MR. MORRIS: We probably want to go 11 to Exhibit 3 of that document.	 2 on a note might send a demand letter to the 3 treasurer of the maker of the note? 4 MS. DEITSCH-PEREZ: Object to form. 5 A. I'm just saying they could have sent 6 the NexPoint letter or the Services letter to 7 him also; right? 8 Q. I don't – I think the NexPoint is 9 only a term note; right? So there is no demand 10 letter. 11 A. No, I know that. But whatever – 	Page 467
1 DONDERO - 10/29/21 2 form. 3 A. HCMFA or Services? 4 Q. HCMFA? 5 A. I – I don't know. I don't have any 6 knowledge. 7 MR. MORRIS: Can we put up 8 Exhibit 1, please. 9 (Exhibit 1 marked.) 10 MR. MORRIS: We probably want to go 11 to Exhibit 3 of that document. 12 Q. This one was sent to Mr. Waterhouse.	2 on a note might send a demand letter to the 3 treasurer of the maker of the note? 4 MS. DEITSCH-PEREZ: Object to form. 5 A. I'm just saying they could have sent 6 the NexPoint letter or the Services letter to 7 him also; right? 8 Q. I don't – I think the NexPoint is 9 only a term note; right? So there is no demand 10 letter. 11 A. No, I know that. But whatever – 12 whatever the other one we were just looking at,	Page 467
1 DONDERO - 10/29/21 2 form. 3 A. HCMFA or Services? 4 Q. HCMFA? 5 A. I – I don't know. I don't have any 6 knowledge. 7 MR. MORRIS: Can we put up 8 Exhibit 1, please. 9 (Exhibit 1 marked.) 10 MR. MORRIS: We probably want to go 11 to Exhibit 3 of that document.	2 on a note might send a demand letter to the 3 treasurer of the maker of the note? 4 MS. DEITSCH-PEREZ: Object to form. 5 A. I'm just saying they could have sent 6 the NexPoint letter or the Services letter to 7 him also; right? 8 Q. I don't – I think the NexPoint is 9 only a term note; right? So there is no demand 10 letter. 11 A. No, I know that. But whatever – 12 whatever the other one we were just looking at, 13 the Services one could have gone to him, too.	Page 467
1 DONDERO - 10/29/21 2 form. 3 A. HCMFA or Services? 4 Q. HCMFA? 5 A. I – I don't know. I don't have any 6 knowledge. 7 MR. MORRIS: Can we put up 8 Exhibit 1, please. 9 (Exhibit 1 marked.) 10 MR. MORRIS: We probably want to go 11 to Exhibit 3 of that document. 12 Q. This one was sent to Mr. Waterhouse. 13 Do you see that? 14 A. Yes.	 2 on a note might send a demand letter to the 3 treasurer of the maker of the note? 4 MS. DEITSCH-PEREZ: Object to form. 5 A. I'm just saying they could have sent 6 the NexPoint letter or the Services letter to 7 him also; right? 8 Q. I don't – I think the NexPoint is 9 only a term note; right? So there is no demand 10 letter. 11 A. No, I know that. But whatever – 12 whatever the other one we were just looking at, 13 the Services one could have gone to him, too. 14 Anyway, whatever. It doesn't 	Page 467
1 DONDERO - 10/29/21 2 form. 3 A. HCMFA or Services? 4 Q. HCMFA? 5 A. I – I don't know. I don't have any 6 knowledge. 7 MR. MORRIS: Can we put up 8 Exhibit 1, please. 9 (Exhibit 1 marked.) 10 MR. MORRIS: We probably want to go 11 to Exhibit 3 of that document. 12 Q. This one was sent to Mr. Waterhouse. 13 Do you see that? 14 A. Yes. 15 Q. Okay. And did you become aware on	2 on a note might send a demand letter to the 3 treasurer of the maker of the note? 4 MS. DEITSCH-PEREZ: Object to form. 5 A. I'm just saying they could have sent 6 the NexPoint letter or the Services letter to 7 him also; right? 8 Q. I don't – I think the NexPoint is 9 only a term note; right? So there is no demand 10 letter. 11 A. No, I know that. But whatever – 12 whatever the other one we were just looking at, 13 the Services one could have gone to him, too. 14 Anyway, whatever. It doesn't 15 matter. But, no, I don't have a specific	Page 467
1 DONDERO - 10/29/21 2 form. 3 A. HCMFA or Services? 4 Q. HCMFA? 5 A. I – I don't know. I don't have any 6 knowledge. 7 MR. MORRIS: Can we put up 8 Exhibit 1, please. 9 (Exhibit 1 marked.) 10 MR. MORRIS: We probably want to go 11 to Exhibit 3 of that document. 12 Q. This one was sent to Mr. Waterhouse. 13 Do you see that? 14 A. Yes. 15 Q. Okay. And did you become aware on 16 or around December 3rd, 2020, that Highland	2 on a note might send a demand letter to the 3 treasurer of the maker of the note? 4 MS. DEITSCH-PEREZ: Object to form. 5 A. I'm just saying they could have sent 6 the NexPoint letter or the Services letter to 7 him also; right? 8 Q. I don't – I think the NexPoint is 9 only a term note; right? So there is no demand 10 letter. 11 A. No, I know that. But whatever – 12 whatever the other one we were just looking at, 13 the Services one could have gone to him, too. 14 Anyway, whatever. It doesn't 15 matter. But, no, I don't have a specific 16 recollection of this, if that was your	Page 467
1 DONDERO - 10/29/21 2 form. 3 A. HCMFA or Services? 4 Q. HCMFA? 5 A. I – I don't know. I don't have any 6 knowledge. 7 MR. MORRIS: Can we put up 8 Exhibit 1, please. 9 (Exhibit 1 marked.) 10 MR. MORRIS: We probably want to go 11 to Exhibit 3 of that document. 12 Q. This one was sent to Mr. Waterhouse. 13 Do you see that? 14 A. Yes. 15 Q. Okay. And did you become aware on 16 or around December 3rd, 2020, that Highland 17 made demand under the two notes listed in this	2 on a note might send a demand letter to the 3 treasurer of the maker of the note? 4 MS. DEITSCH-PEREZ: Object to form. 5 A. I'm just saying they could have sent 6 the NexPoint letter or the Services letter to 7 him also; right? 8 Q. I don't – I think the NexPoint is 9 only a term note; right? So there is no demand 10 letter. 11 A. No, I know that. But whatever – 12 whatever the other one we were just looking at, 13 the Services one could have gone to him, too. 14 Anyway, whatever. It doesn't 15 matter. But, no, I don't have a specific 16 recollection of this, if that was your 17 question.	Page 467
1 DONDERO - 10/29/21 2 form. 3 A. HCMFA or Services? 4 Q. HCMFA? 5 A. I – I don't know. I don't have any 6 knowledge. 7 MR. MORRIS: Can we put up 8 Exhibit 1, please. 9 (Exhibit 1 marked.) 10 MR. MORRIS: We probably want to go 11 to Exhibit 3 of that document. 12 Q. This one was sent to Mr. Waterhouse. 13 Do you see that? 14 A. Yes. 15 Q. Okay. And did you become aware on 16 or around December 3rd, 2020, that Highland 17 made demand under the two notes listed in this 18 letter?	2 on a note might send a demand letter to the 3 treasurer of the maker of the note? 4 MS. DEITSCH-PEREZ: Object to form. 5 A. I'm just saying they could have sent 6 the NexPoint letter or the Services letter to 7 him also; right? 8 Q. I don't – I think the NexPoint is 9 only a term note; right? So there is no demand 10 letter. 11 A. No, I know that. But whatever – 12 whatever the other one we were just looking at, 13 the Services one could have gone to him, too. 14 Anyway, whatever. It doesn't 15 matter. But, no, I don't have a specific 16 recollection of this, if that was your 17 question. 18 Q. You don't have – you don't have any	Page 467
1 DONDERO - 10/29/21 2 form. 3 A. HCMFA or Services? 4 Q. HCMFA? 5 A. I – I don't know. I don't have any 6 knowledge. 7 MR. MORRIS: Can we put up 8 Exhibit 1, please. 9 (Exhibit 1 marked.) 10 MR. MORRIS: We probably want to go 11 to Exhibit 3 of that document. 12 Q. This one was sent to Mr. Waterhouse. 13 Do you see that? 14 A. Yes. 15 Q. Okay. And did you become aware on 16 or around December 3rd, 2020, that Highland 17 made demand under the two notes listed in this 18 letter? 19 A. Yes. Why would this one go to	2 on a note might send a demand letter to the 3 treasurer of the maker of the note? 4 MS. DEITSCH-PEREZ: Object to form. 5 A. I'm just saying they could have sent 6 the NexPoint letter or the Services letter to 7 him also; right? 8 Q. I don't – I think the NexPoint is 9 only a term note; right? So there is no demand 10 letter. 11 A. No, I know that. But whatever – 12 whatever the other one we were just looking at, 13 the Services one could have gone to him, too. 14 Anyway, whatever. It doesn't 15 matter. But, no, I don't have a specific 16 recollection of this, if that was your 17 question. 18 Q. You don't have – you don't have any 19 recollection of Highland making demand under	Page 467
1 DONDERO - 10/29/21 2 form. 3 A. HCMFA or Services? 4 Q. HCMFA? 5 A. I – I don't know. I don't have any 6 knowledge. 7 MR. MORRIS: Can we put up 8 Exhibit 1, please. 9 (Exhibit 1 marked.) 10 MR. MORRIS: We probably want to go 11 to Exhibit 3 of that document. 12 Q. This one was sent to Mr. Waterhouse. 13 Do you see that? 14 A. Yes. 15 Q. Okay. And did you become aware on 16 or around December 3rd, 2020, that Highland 17 made demand under the two notes listed in this 18 letter? 19 A. Yes. Why would this one go to 20 Frank Waterhouse?	2 on a note might send a demand letter to the 3 treasurer of the maker of the note? 4 MS. DEITSCH-PEREZ: Object to form. 5 A. I'm just saying they could have sent 6 the NexPoint letter or the Services letter to 7 him also; right? 8 Q. I don't – I think the NexPoint is 9 only a term note; right? So there is no demand 10 letter. 11 A. No, I know that. But whatever – 12 whatever the other one we were just looking at, 13 the Services one could have gone to him, too. 14 Anyway, whatever. It doesn't 15 matter. But, no, I don't have a specific 16 recollection of this, if that was your 17 question. 18 Q. You don't have – you don't have any 19 recollection of Highland making demand under 20 promissory notes that were issued by you and	Page 467
form. A. HCMFA or Services? Q. HCMFA? A. I – I don't know. I don't have any knowledge. MR. MORRIS: Can we put up Exhibit 1, please. (Exhibit 1 marked.) MR. MORRIS: We probably want to go to Exhibit 3 of that document. Q. This one was sent to Mr. Waterhouse. Do you see that? A. Yes. Q. Okay. And did you become aware on or around December 3rd, 2020, that Highland made demand under the two notes listed in this letter? A. Yes. Why would this one go to Frank Waterhouse? Q. Was he the treasurer – was he the	2 on a note might send a demand letter to the 3 treasurer of the maker of the note? 4 MS. DEITSCH-PEREZ: Object to form. 5 A. I'm just saying they could have sent 6 the NexPoint letter or the Services letter to 7 him also; right? 8 Q. I don't – I think the NexPoint is 9 only a term note; right? So there is no demand 10 letter. 11 A. No, I know that. But whatever – 12 whatever the other one we were just looking at, 13 the Services one could have gone to him, too. 14 Anyway, whatever. It doesn't 15 matter. But, no, I don't have a specific 16 recollection of this, if that was your 17 question. 18 Q. You don't have – you don't have any 19 recollection of Highland making demand under 20 promissory notes that were issued by you and 21 certain of your affiliates in early December	Page 467
form. A. HCMFA or Services? Q. HCMFA? A. I – I don't know. I don't have any knowledge. MR. MORRIS: Can we put up Exhibit 1, please. (Exhibit 1 marked.) MR. MORRIS: We probably want to go to Exhibit 3 of that document. Q. This one was sent to Mr. Waterhouse. Do you see that? A. Yes. Q. Okay. And did you become aware on or around December 3rd, 2020, that Highland made demand under the two notes listed in this letter? A. Yes. Why would this one go to Frank Waterhouse? Q. Was he the treasurer – was he the treasurer of Highland Capital Management Fund	2 on a note might send a demand letter to the 3 treasurer of the maker of the note? 4 MS. DEITSCH-PEREZ: Object to form. 5 A. I'm just saying they could have sent 6 the NexPoint letter or the Services letter to 7 him also; right? 8 Q. I don't – I think the NexPoint is 9 only a term note; right? So there is no demand 10 letter. 11 A. No, I know that. But whatever – 12 whatever the other one we were just looking at, 13 the Services one could have gone to him, too. 14 Anyway, whatever. It doesn't 15 matter. But, no, I don't have a specific 16 recollection of this, if that was your 17 question. 18 Q. You don't have – you don't have any 19 recollection of Highland making demand under 20 promissory notes that were issued by you and 21 certain of your affiliates in early December 22 2020. You don't remember that at all?	Page 467
form. A. HCMFA or Services? Q. HCMFA? A. I – I don't know. I don't have any knowledge. MR. MORRIS: Can we put up Exhibit 1, please. (Exhibit 1 marked.) MR. MORRIS: We probably want to go to Exhibit 3 of that document. Q. This one was sent to Mr. Waterhouse. Do you see that? A. Yes. Q. Okay. And did you become aware on or around December 3rd, 2020, that Highland made demand under the two notes listed in this letter? A. Yes. Why would this one go to Frank Waterhouse? Q. Was he the treasurer – was he the treasurer of Highland Capital Management Fund Advisors at the time?	2 on a note might send a demand letter to the 3 treasurer of the maker of the note? 4 MS. DEITSCH-PEREZ: Object to form. 5 A. I'm just saying they could have sent 6 the NexPoint letter or the Services letter to 7 him also; right? 8 Q. I don't – I think the NexPoint is 9 only a term note; right? So there is no demand 10 letter. 11 A. No, I know that. But whatever – 12 whatever the other one we were just looking at, 13 the Services one could have gone to him, too. 14 Anyway, whatever. It doesn't 15 matter. But, no, I don't have a specific 16 recollection of this, if that was your 17 question. 18 Q. You don't have – you don't have any 19 recollection of Highland making demand under 20 promissory notes that were issued by you and 21 certain of your affiliates in early December 22 2020. You don't remember that at all? 23 A. There was a lot going on then. And,	Page 467
form. A. HCMFA or Services? Q. HCMFA? A. I – I don't know. I don't have any knowledge. MR. MORRIS: Can we put up Exhibit 1, please. (Exhibit 1 marked.) MR. MORRIS: We probably want to go to Exhibit 3 of that document. Q. This one was sent to Mr. Waterhouse. Do you see that? A. Yes. Q. Okay. And did you become aware on or around December 3rd, 2020, that Highland made demand under the two notes listed in this letter? A. Yes. Why would this one go to Frank Waterhouse? Q. Was he the treasurer – was he the treasurer of Highland Capital Management Fund	2 on a note might send a demand letter to the 3 treasurer of the maker of the note? 4 MS. DEITSCH-PEREZ: Object to form. 5 A. I'm just saying they could have sent 6 the NexPoint letter or the Services letter to 7 him also; right? 8 Q. I don't – I think the NexPoint is 9 only a term note; right? So there is no demand 10 letter. 11 A. No, I know that. But whatever – 12 whatever the other one we were just looking at, 13 the Services one could have gone to him, too. 14 Anyway, whatever. It doesn't 15 matter. But, no, I don't have a specific 16 recollection of this, if that was your 17 question. 18 Q. You don't have – you don't have any 19 recollection of Highland making demand under 20 promissory notes that were issued by you and 21 certain of your affiliates in early December 22 2020. You don't remember that at all?	Page 467

_				
1	Page 468 DONDERO - 10/29/21	1	DONDERO - 10/29/21	Page 469
2	other issues or it wasn't things that we	2	A. Right.	
3	thought were legitimate as part of the overall	3	Q. Okay. And so it is fair to say that	
4	settlement.	4	you never directed anybody to respond to these	
5	You've got to remember we didn't	5	demands because you didn't have knowledge of	
6	realize Seery betrayed the estate at this	6	them; correct?	
7	point. We thought we were moving towards, you	7	A. Right.	
8	know, resolution or a pot plan.	8	Q. Okay. Do you know whether anybody	
9	Q. Okay.	9	responded on behalf – on your behalf or any of	
10	MR. MORRIS: I move to strike.	10	the corporate obligors' behalf to any of the	
11	Q. And please listen carefully to my	11	demand letters that were – that you now know	
12	question.	12	were sent in early December 2020?	
13	Did you have any knowledge in early	13	A. Well, yes. I mean, I know	
14	December 2020 that Highland made demand for	14	eventually. I don't know when, but I don't	
15	payment under demand notes that were issued by	15	think anybody believes these – these HVIN	
16	you and certain of your affiliates?	16		
17	A. Same answer.	17	notes are legitimate notes. I know the response was more around	
18	Q. Were you aware or you were not	18	it being payments for the TerreStar regulatory	
19	aware?	19	obligations for all the things that Highland	
20		20	had mucked up in the TerreStar situation.	
1	A. Well, no specific knowledge for the reasons articulated in the answer that you –	21	•	
21	·	22	Q. While you were president of that	
22	you moved to strike.	23	entity; right?	
23	Q. Okay. So – so you had – you had		A. Yes.	
24	no particularized knowledge of the demands in	24	Q. Okay. And – and	
25	December 2020; correct?	25	PricewaterhouseCoopers certainly doesn't think	
		1		
1	Page 470	1	DONDEDO 10/20/21	Page 471
1	DONDERO - 10/29/21	1	DONDERO - 10/29/21	Page 471
2	DONDERO - 10/29/21 these are frivolous obligations, does it?	2	MS. DEITSCH-PEREZ: Object to the	Page 471
2 3	DONDERO - 10/29/21 these are frivolous obligations, does it? MS. DEITSCH-PEREZ: Object to the	2	MS. DEITSCH-PEREZ: Object to the form.	Page 471
2 3 4	DONDERO - 10/29/21 these are frivolous obligations, does it? MS. DEITSCH-PEREZ: Object to the form.	2 3 4	MS. DEITSCH-PEREZ: Object to the form. A. Yes.	Page 471
2 3 4 5	DONDERO - 10/29/21 these are frivolous obligations, does it? MS. DEITSCH-PEREZ: Object to the form. A. PricewaterhouseCoopers doesn't —	2 3 4 5	MS. DEITSCH-PEREZ: Object to the form. A. Yes. Q. Can you identify that document for	Page 471
2 3 4	DONDERO - 10/29/21 these are frivolous obligations, does it? MS. DEITSCH-PEREZ: Object to the form. A. PricewaterhouseCoopers doesn't — Q. PricewaterhouseCoopers specifically	2 3 4 5 6	MS. DEITSCH-PEREZ: Object to the form. A. Yes. Q. Can you identify that document for me?	Page 471
2 3 4 5 6 7	DONDERO - 10/29/21 these are frivolous obligations, does it? MS. DEITSCH-PEREZ: Object to the form. A. PricewaterhouseCoopers doesn't — Q. PricewaterhouseCoopers specifically included a disclosure of all of these	2 3 4 5 6 7	MS. DEITSCH-PEREZ: Object to the form. A. Yes. Q. Can you identify that document for me? A. Yeah. It is a – it is a settlement	Page 471
2 3 4 5 6 7 8	DONDERO - 10/29/21 these are frivolous obligations, does it? MS. DEITSCH-PEREZ: Object to the form. A. PricewaterhouseCoopers doesn't — Q. PricewaterhouseCoopers specifically included a disclosure of all of these promissory notes in the audited financial	2 3 4 5 6 7 8	MS. DEITSCH-PEREZ: Object to the form. A. Yes. Q. Can you identify that document for me? A. Yeah. It is a – it is a settlement with the SEC in terms of what they said the	Page 471
2 3 4 5 6 7 8 9	DONDERO - 10/29/21 these are frivolous obligations, does it? MS. DEITSCH-PEREZ: Object to the form. A. PricewaterhouseCoopers doesn't — Q. PricewaterhouseCoopers specifically included a disclosure of all of these promissory notes in the audited financial statements; correct?	2 3 4 5 6 7 8 9	MS. DEITSCH-PEREZ: Object to the form. A. Yes. Q. Can you identify that document for me? A. Yeah. It is a – it is a settlement with the SEC in terms of what they said the breaches were, and why they were finding HFAM,	Page 471
2 3 4 5 6 7 8 9	DONDERO - 10/29/21 these are frivolous obligations, does it? MS. DEITSCH-PEREZ: Object to the form. A. PricewaterhouseCoopers doesn't — Q. PricewaterhouseCoopers specifically included a disclosure of all of these promissory notes in the audited financial statements; correct? MS. DEITSCH-PEREZ: Object to the	2 3 4 5 6 7 8 9	MS. DEITSCH-PEREZ: Object to the form. A. Yes. Q. Can you identify that document for me? A. Yeah. It is a – it is a settlement with the SEC in terms of what they said the breaches were, and why they were finding HFAM, the rationale that they had in the regulatory	Page 471
2 3 4 5 6 7 8 9 10	DONDERO - 10/29/21 these are frivolous obligations, does it? MS. DEITSCH-PEREZ: Object to the form. A. PricewaterhouseCoopers doesn't — Q. PricewaterhouseCoopers specifically included a disclosure of all of these promissory notes in the audited financial statements; correct? MS. DEITSCH-PEREZ: Object to the form.	2 3 4 5 6 7 8 9 10	MS. DEITSCH-PEREZ: Object to the form. A. Yes. Q. Can you identify that document for me? A. Yeah. It is a – it is a settlement with the SEC in terms of what they said the breaches were, and why they were finding HFAM, the rationale that they had in the regulatory breaches and in the settlement, and all of the	Page 471
2 3 4 5 6 7 8 9 10 11 12	DONDERO - 10/29/21 these are frivolous obligations, does it? MS. DEITSCH-PEREZ: Object to the form. A. PricewaterhouseCoopers doesn't — Q. PricewaterhouseCoopers specifically included a disclosure of all of these promissory notes in the audited financial statements; correct? MS. DEITSCH-PEREZ: Object to the form. A. I mean, as they should have with the	2 3 4 5 6 7 8 9 10 11 12	MS. DEITSCH-PEREZ: Object to the form. A. Yes. Q. Can you identify that document for me? A. Yeah. It is a – it is a settlement with the SEC in terms of what they said the breaches were, and why they were finding HFAM, the rationale that they had in the regulatory breaches and in the settlement, and all of the breaches in the settlement were things that	Page 471
2 3 4 5 6 7 8 9 10 11 12 13	DONDERO - 10/29/21 these are frivolous obligations, does it? MS. DEITSCH-PEREZ: Object to the form. A. PricewaterhouseCoopers doesn't — Q. PricewaterhouseCoopers specifically included a disclosure of all of these promissory notes in the audited financial statements; correct? MS. DEITSCH-PEREZ: Object to the form. A. I mean, as they should have with the information they had at the time, but I think	2 3 4 5 6 7 8 9 10 11 12 13	MS. DEITSCH-PEREZ: Object to the form. A. Yes. Q. Can you identify that document for me? A. Yeah. It is a – it is a settlement with the SEC in terms of what they said the breaches were, and why they were finding HFAM, the rationale that they had in the regulatory breaches and in the settlement, and all of the breaches in the settlement were things that Highland did, not that HFAM did.	Page 471
2 3 4 5 6 7 8 9 10 11 12 13	DONDERO - 10/29/21 these are frivolous obligations, does it? MS. DEITSCH-PEREZ: Object to the form. A. PricewaterhouseCoopers doesn't — Q. PricewaterhouseCoopers specifically included a disclosure of all of these promissory notes in the audited financial statements; correct? MS. DEITSCH-PEREZ: Object to the form. A. I mean, as they should have with the information they had at the time, but I think what has come out since then is that they — it	2 3 4 5 6 7 8 9 10 11 12 13 14	MS. DEITSCH-PEREZ: Object to the form. A. Yes. Q. Can you identify that document for me? A. Yeah. It is a – it is a settlement with the SEC in terms of what they said the breaches were, and why they were finding HFAM, the rationale that they had in the regulatory breaches and in the settlement, and all of the breaches in the settlement were things that Highland did, not that HFAM did. It was all valuation, it was all –	Page 471
2 3 4 5 6 7 8 9 10 11 12 13 14 15	DONDERO - 10/29/21 these are frivolous obligations, does it? MS. DEITSCH-PEREZ: Object to the form. A. PricewaterhouseCoopers doesn't — Q. PricewaterhouseCoopers specifically included a disclosure of all of these promissory notes in the audited financial statements; correct? MS. DEITSCH-PEREZ: Object to the form. A. I mean, as they should have with the information they had at the time, but I think what has come out since then is that they — it was moneys that moved from Highland to HFAM for	2 3 4 5 6 7 8 9 10 11 12 13 14 15	MS. DEITSCH-PEREZ: Object to the form. A. Yes. Q. Can you identify that document for me? A. Yeah. It is a – it is a settlement with the SEC in terms of what they said the breaches were, and why they were finding HFAM, the rationale that they had in the regulatory breaches and in the settlement, and all of the breaches in the settlement were things that Highland did, not that HFAM did. It was all valuation, it was all – it was all services that HFAM had contracted	Page 471
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	DONDERO - 10/29/21 these are frivolous obligations, does it? MS. DEITSCH-PEREZ: Object to the form. A. PricewaterhouseCoopers doesn't — Q. PricewaterhouseCoopers specifically included a disclosure of all of these promissory notes in the audited financial statements; correct? MS. DEITSCH-PEREZ: Object to the form. A. I mean, as they should have with the information they had at the time, but I think what has come out since then is that they — it was moneys that moved from Highland to HFAM for things that were caused by Highland and people,	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	MS. DEITSCH-PEREZ: Object to the form. A. Yes. Q. Can you identify that document for me? A. Yeah. It is a – it is a settlement with the SEC in terms of what they said the breaches were, and why they were finding HFAM, the rationale that they had in the regulatory breaches and in the settlement, and all of the breaches in the settlement were things that Highland did, not that HFAM did. It was all valuation, it was all – it was all services that HFAM had contracted with Highland that were performed deficiently	Page 471
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	DONDERO - 10/29/21 these are frivolous obligations, does it? MS. DEITSCH-PEREZ: Object to the form. A. PricewaterhouseCoopers doesn't — Q. PricewaterhouseCoopers specifically included a disclosure of all of these promissory notes in the audited financial statements; correct? MS. DEITSCH-PEREZ: Object to the form. A. I mean, as they should have with the information they had at the time, but I think what has come out since then is that they — it was moneys that moved from Highland to HFAM for things that were caused by Highland and people, not me, not even Frank, I think, but other	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	MS. DEITSCH-PEREZ: Object to the form. A. Yes. Q. Can you identify that document for me? A. Yeah. It is a – it is a settlement with the SEC in terms of what they said the breaches were, and why they were finding HFAM, the rationale that they had in the regulatory breaches and in the settlement, and all of the breaches in the settlement were things that Highland did, not that HFAM did. It was all valuation, it was all – it was all services that HFAM had contracted with Highland that were performed deficiently in the eyes of the SEC.	Page 471
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	DONDERO - 10/29/21 these are frivolous obligations, does it? MS. DEITSCH-PEREZ: Object to the form. A. PricewaterhouseCoopers doesn't — Q. PricewaterhouseCoopers specifically included a disclosure of all of these promissory notes in the audited financial statements; correct? MS. DEITSCH-PEREZ: Object to the form. A. I mean, as they should have with the information they had at the time, but I think what has come out since then is that they — it was moneys that moved from Highland to HFAM for things that were caused by Highland and people, not me, not even Frank, I think, but other people assumed it was a note and made notes out	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	MS. DEITSCH-PEREZ: Object to the form. A. Yes. Q. Can you identify that document for me? A. Yeah. It is a – it is a settlement with the SEC in terms of what they said the breaches were, and why they were finding HFAM, the rationale that they had in the regulatory breaches and in the settlement, and all of the breaches in the settlement were things that Highland did, not that HFAM did. It was all valuation, it was all – it was all services that HFAM had contracted with Highland that were performed deficiently in the eyes of the SEC. Q. Okay. We will – we will get to	Page 471
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	these are frivolous obligations, does it? MS. DEITSCH-PEREZ: Object to the form. A. PricewaterhouseCoopers doesn't — Q. PricewaterhouseCoopers specifically included a disclosure of all of these promissory notes in the audited financial statements; correct? MS. DEITSCH-PEREZ: Object to the form. A. I mean, as they should have with the information they had at the time, but I think what has come out since then is that they — it was moneys that moved from Highland to HFAM for things that were caused by Highland and people, not me, not even Frank, I think, but other people assumed it was a note and made notes out of it. And that is what PricewaterhouseCoopers	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	MS. DEITSCH-PEREZ: Object to the form. A. Yes. Q. Can you identify that document for me? A. Yeah. It is a – it is a settlement with the SEC in terms of what they said the breaches were, and why they were finding HFAM, the rationale that they had in the regulatory breaches and in the settlement, and all of the breaches in the settlement were things that Highland did, not that HFAM did. It was all valuation, it was all – it was all services that HFAM had contracted with Highland that were performed deficiently in the eyes of the SEC. Q. Okay. We will – we will get to that in more detail, but I just would like to	Page 471
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	these are frivolous obligations, does it? MS. DEITSCH-PEREZ: Object to the form. A. PricewaterhouseCoopers doesn't — Q. PricewaterhouseCoopers specifically included a disclosure of all of these promissory notes in the audited financial statements; correct? MS. DEITSCH-PEREZ: Object to the form. A. I mean, as they should have with the information they had at the time, but I think what has come out since then is that they — it was moneys that moved from Highland to HFAM for things that were caused by Highland and people, not me, not even Frank, I think, but other people assumed it was a note and made notes out of it. And that is what PricewaterhouseCoopers put into the financials, but I think what	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	MS. DEITSCH-PEREZ: Object to the form. A. Yes. Q. Can you identify that document for me? A. Yeah. It is a – it is a settlement with the SEC in terms of what they said the breaches were, and why they were finding HFAM, the rationale that they had in the regulatory breaches and in the settlement, and all of the breaches in the settlement were things that Highland did, not that HFAM did. It was all valuation, it was all – it was all services that HFAM had contracted with Highland that were performed deficiently in the eyes of the SEC. Q. Okay. We will – we will get to that in more detail, but I just would like to know if you believe that any correspondence to	Page 471
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	these are frivolous obligations, does it? MS. DEITSCH-PEREZ: Object to the form. A. PricewaterhouseCoopers doesn't — Q. PricewaterhouseCoopers specifically included a disclosure of all of these promissory notes in the audited financial statements; correct? MS. DEITSCH-PEREZ: Object to the form. A. I mean, as they should have with the information they had at the time, but I think what has come out since then is that they — it was moneys that moved from Highland to HFAM for things that were caused by Highland and people, not me, not even Frank, I think, but other people assumed it was a note and made notes out of it. And that is what PricewaterhouseCoopers put into the financials, but I think what everybody acknowledges is that they were	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	MS. DEITSCH-PEREZ: Object to the form. A. Yes. Q. Can you identify that document for me? A. Yeah. It is a – it is a settlement with the SEC in terms of what they said the breaches were, and why they were finding HFAM, the rationale that they had in the regulatory breaches and in the settlement, and all of the breaches in the settlement were things that Highland did, not that HFAM did. It was all valuation, it was all – it was all services that HFAM had contracted with Highland that were performed deficiently in the eyes of the SEC. Q. Okay. We will – we will get to that in more detail, but I just would like to know if you believe that any correspondence to the SEC specifically stated that Highland	Page 471
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	these are frivolous obligations, does it? MS. DEITSCH-PEREZ: Object to the form. A. PricewaterhouseCoopers doesn't – Q. PricewaterhouseCoopers specifically included a disclosure of all of these promissory notes in the audited financial statements; correct? MS. DEITSCH-PEREZ: Object to the form. A. I mean, as they should have with the information they had at the time, but I think what has come out since then is that they – it was moneys that moved from Highland to HFAM for things that were caused by Highland and people, not me, not even Frank, I think, but other people assumed it was a note and made notes out of it. And that is what PricewaterhouseCoopers put into the financials, but I think what everybody acknowledges is that they were never – they were never notes.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	MS. DEITSCH-PEREZ: Object to the form. A. Yes. Q. Can you identify that document for me? A. Yeah. It is a – it is a settlement with the SEC in terms of what they said the breaches were, and why they were finding HFAM, the rationale that they had in the regulatory breaches and in the settlement, and all of the breaches in the settlement were things that Highland did, not that HFAM did. It was all valuation, it was all – it was all services that HFAM had contracted with Highland that were performed deficiently in the eyes of the SEC. Q. Okay. We will – we will get to that in more detail, but I just would like to know if you believe that any correspondence to the SEC specifically stated that Highland Capital Management, L.P. and not Highland	Page 471
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	these are frivolous obligations, does it? MS. DEITSCH-PEREZ: Object to the form. A. PricewaterhouseCoopers doesn't – Q. PricewaterhouseCoopers specifically included a disclosure of all of these promissory notes in the audited financial statements; correct? MS. DEITSCH-PEREZ: Object to the form. A. I mean, as they should have with the information they had at the time, but I think what has come out since then is that they – it was moneys that moved from Highland to HFAM for things that were caused by Highland and people, not me, not even Frank, I think, but other people assumed it was a note and made notes out of it. And that is what PricewaterhouseCoopers put into the financials, but I think what everybody acknowledges is that they were never – they were never notes. Q. Is there a document that you have	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	MS. DEITSCH-PEREZ: Object to the form. A. Yes. Q. Can you identify that document for me? A. Yeah. It is a – it is a settlement with the SEC in terms of what they said the breaches were, and why they were finding HFAM, the rationale that they had in the regulatory breaches and in the settlement, and all of the breaches in the settlement were things that Highland did, not that HFAM did. It was all valuation, it was all – it was all services that HFAM had contracted with Highland that were performed deficiently in the eyes of the SEC. Q. Okay. We will – we will get to that in more detail, but I just would like to know if you believe that any correspondence to the SEC specifically stated that Highland Capital Management, L.P. and not Highland Capital Management Fund Advisors, L.P. was	Page 471
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24	these are frivolous obligations, does it? MS. DEITSCH-PEREZ: Object to the form. A. PricewaterhouseCoopers doesn't – Q. PricewaterhouseCoopers specifically included a disclosure of all of these promissory notes in the audited financial statements; correct? MS. DEITSCH-PEREZ: Object to the form. A. I mean, as they should have with the information they had at the time, but I think what has come out since then is that they – it was moneys that moved from Highland to HFAM for things that were caused by Highland and people, not me, not even Frank, I think, but other people assumed it was a note and made notes out of it. And that is what PricewaterhouseCoopers put into the financials, but I think what everybody acknowledges is that they were never – they were never notes.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	MS. DEITSCH-PEREZ: Object to the form. A. Yes. Q. Can you identify that document for me? A. Yeah. It is a – it is a settlement with the SEC in terms of what they said the breaches were, and why they were finding HFAM, the rationale that they had in the regulatory breaches and in the settlement, and all of the breaches in the settlement were things that Highland did, not that HFAM did. It was all valuation, it was all – it was all services that HFAM had contracted with Highland that were performed deficiently in the eyes of the SEC. Q. Okay. We will – we will get to that in more detail, but I just would like to know if you believe that any correspondence to the SEC specifically stated that Highland Capital Management, L.P. and not Highland	Page 471

_	D 470			D 470
1	Page 472 DONDERO - 10/29/21	1	DONDERO - 10/29/21	Page 473
2	between the different players in the entities.	2	Q. And – and it is – and that	
3	They would have said what they thought the	3	includes the promissory notes that you signed	
4	breaches were overall in their letter, and what	4	that Highland is suing on as well as the	
5	would govern the split is the shared services	5	promissory notes that HCRE, HCMS, and NexPoint	
6	agreement and where were the employees that	6	signed that Highland is suing on; correct?	
7	performed the activities that they cited.	7	A. Yes.	
8	Q. Okay. We will get to that at a	8	Q. Okay. Do you contend that the oral	
9	later time.	9	agreements that you entered into with the	
10	All right. Let's go back to the	10	Dugaboy trustee modified the parties' rights	
11	oral agreements that you entered into with the	11	under the original promissory notes?	
12	Dugaboy trustee.	12	MS. DEITSCH-PEREZ: Object to the	
13	MR. MORRIS: And let's start by	13	form.	
14	putting back up Exhibit 31, Paragraph 82.	14	A. Modify, boy, sounds like a legal	
15	MS. JEFFRIES: I'm sorry, can you	15	term. It said conditions by which they could	
16	repeat that?	16	be forgiven.	
17	MR. MORRIS: Yes. Exhibit 31,	17	Q. And there were no such conditions in	
18	Paragraph 82, yes.	18	the original notes; right?	
19	Q. And, again, Mr. Dondero, I think you	19	A. That is correct.	
20	have testified already that you believe	20	Q. Okay. So I'm just asking you from	
21	Paragraph 82 generally describes the oral	21	your perspective whether the oral agreements	
22	agreement that you entered into with the	22	that you entered into with the Dugaboy trustee	
23	Dugaboy trustee with respect to the promissory	23	were intended to modify the parties' rights and	
24	notes that we've described; right?	24	obligations under the original promissory	
25	A. Yes.	25	notes.	
120	7. 100.	20	notes.	
1	Page 474	1	DONDERO - 10/20/21	Page 475
1	DONDERO - 10/29/21	1	DONDERO - 10/29/21 MS_DEITSCH_PERE7: Can you read	Page 475
2	DONDERO - 10/29/21 MS. DEITSCH-PEREZ: Object to the	2	MS. DEITSCH-PEREZ: Can you read	Page 475
2 3	DONDERO - 10/29/21 MS. DEITSCH-PEREZ: Object to the form.	2	MS. DEITSCH-PEREZ: Can you read that back again.	Page 475
2 3 4	DONDERO - 10/29/21 MS. DEITSCH-PEREZ: Object to the form. A. It was meant to condition the	2 3 4	MS. DEITSCH-PEREZ: Can you read that back again. Q. Is it fair to say that the original	Page 475
2 3 4 5	DONDERO - 10/29/21 MS. DEITSCH-PEREZ: Object to the form. A. It was meant to condition the forgiveness.	2 3 4 5	MS. DEITSCH-PEREZ: Can you read that back again. Q. Is it fair to say that the original promissory notes that are the subject of the	Page 475
2 3 4 5 6	DONDERO - 10/29/21 MS. DEITSCH-PEREZ: Object to the form. A. It was meant to condition the forgiveness. Q. Did it change —	2 3 4 5 6	MS. DEITSCH-PEREZ: Can you read that back again. Q. Is it fair to say that the original promissory notes that are the subject of the oral agreements between you and the Dugaboy –	Page 475
2 3 4 5 6 7	DONDERO - 10/29/21 MS. DEITSCH-PEREZ: Object to the form. A. It was meant to condition the forgiveness. Q. Did it change — A. I would like to use those words	2 3 4 5 6 7	MS. DEITSCH-PEREZ: Can you read that back again. Q. Is it fair to say that the original promissory notes that are the subject of the oral agreements between you and the Dugaboy – withdrawn.	Page 475
2 3 4 5 6 7 8	DONDERO - 10/29/21 MS. DEITSCH-PEREZ: Object to the form. A. It was meant to condition the forgiveness. Q. Did it change — A. I would like to use those words versus modified the agreement.	2 3 4 5 6 7 8	MS. DEITSCH-PEREZ: Can you read that back again. Q. Is it fair to say that the original promissory notes that are the subject of the oral agreements between you and the Dugaboy – withdrawn. Is it fair to say that the original	Page 475
2 3 4 5 6 7 8 9	DONDERO - 10/29/21 MS. DEITSCH-PEREZ: Object to the form. A. It was meant to condition the forgiveness. Q. Did it change — A. I would like to use those words versus modified the agreement. Q. Did it — did it alter the parties'	2 3 4 5 6 7 8 9	MS. DEITSCH-PEREZ: Can you read that back again. Q. Is it fair to say that the original promissory notes that are the subject of the oral agreements between you and the Dugaboy – withdrawn. Is it fair to say that the original promissory notes that Highland is suing under	Page 475
2 3 4 5 6 7 8 9 10	DONDERO - 10/29/21 MS. DEITSCH-PEREZ: Object to the form. A. It was meant to condition the forgiveness. Q. Did it change — A. I would like to use those words versus modified the agreement. Q. Did it — did it alter the parties' rights and obligations?	2 3 4 5 6 7 8 9	MS. DEITSCH-PEREZ: Can you read that back again. Q. Is it fair to say that the original promissory notes that are the subject of the oral agreements between you and the Dugaboy – withdrawn. Is it fair to say that the original promissory notes that Highland is suing under set forth the maker and the payees' rights and	Page 475
2 3 4 5 6 7 8 9 10 11	DONDERO - 10/29/21 MS. DEITSCH-PEREZ: Object to the form. A. It was meant to condition the forgiveness. Q. Did it change — A. I would like to use those words versus modified the agreement. Q. Did it — did it alter the parties' rights and obligations? MS. DEITSCH-PEREZ: Object to the	2 3 4 5 6 7 8 9 10	MS. DEITSCH-PEREZ: Can you read that back again. Q. Is it fair to say that the original promissory notes that are the subject of the oral agreements between you and the Dugaboy – withdrawn. Is it fair to say that the original promissory notes that Highland is suing under set forth the maker and the payees' rights and obligations under those notes?	Page 475
2 3 4 5 6 7 8 9 10 11 12	DONDERO - 10/29/21 MS. DEITSCH-PEREZ: Object to the form. A. It was meant to condition the forgiveness. Q. Did it change — A. I would like to use those words versus modified the agreement. Q. Did it — did it alter the parties' rights and obligations? MS. DEITSCH-PEREZ: Object to the form.	2 3 4 5 6 7 8 9 10 11 12	MS. DEITSCH-PEREZ: Can you read that back again. Q. Is it fair to say that the original promissory notes that are the subject of the oral agreements between you and the Dugaboy – withdrawn. Is it fair to say that the original promissory notes that Highland is suing under set forth the maker and the payees' rights and obligations under those notes? MS. DEITSCH-PEREZ: Object to the	Page 475
2 3 4 5 6 7 8 9 10 11 12 13	DONDERO - 10/29/21 MS. DEITSCH-PEREZ: Object to the form. A. It was meant to condition the forgiveness. Q. Did it change — A. I would like to use those words versus modified the agreement. Q. Did it — did it alter the parties' rights and obligations? MS. DEITSCH-PEREZ: Object to the form. Q. I'm not trying to play a game with	2 3 4 5 6 7 8 9 10 11 12 13	MS. DEITSCH-PEREZ: Can you read that back again. Q. Is it fair to say that the original promissory notes that are the subject of the oral agreements between you and the Dugaboy – withdrawn. Is it fair to say that the original promissory notes that Highland is suing under set forth the maker and the payees' rights and obligations under those notes? MS. DEITSCH-PEREZ: Object to the form. Object to the form.	Page 475
2 3 4 5 6 7 8 9 10 11 12 13 14	DONDERO - 10/29/21 MS. DEITSCH-PEREZ: Object to the form. A. It was meant to condition the forgiveness. Q. Did it change — A. I would like to use those words versus modified the agreement. Q. Did it — did it alter the parties' rights and obligations? MS. DEITSCH-PEREZ: Object to the form. Q. I'm not trying to play a game with you. I just —	2 3 4 5 6 7 8 9 10 11 12 13 14	MS. DEITSCH-PEREZ: Can you read that back again. Q. Is it fair to say that the original promissory notes that are the subject of the oral agreements between you and the Dugaboy – withdrawn. Is it fair to say that the original promissory notes that Highland is suing under set forth the maker and the payees' rights and obligations under those notes? MS. DEITSCH-PEREZ: Object to the form. Object to the form. A. Yeah, I – again, I want to – I	Page 475
2 3 4 5 6 7 8 9 10 11 12 13 14 15	DONDERO - 10/29/21 MS. DEITSCH-PEREZ: Object to the form. A. It was meant to condition the forgiveness. Q. Did it change — A. I would like to use those words versus modified the agreement. Q. Did it — did it alter the parties' rights and obligations? MS. DEITSCH-PEREZ: Object to the form. Q. I'm not trying to play a game with you. I just — MS. DEITSCH-PEREZ: That is exactly	2 3 4 5 6 7 8 9 10 11 12 13 14 15	MS. DEITSCH-PEREZ: Can you read that back again. Q. Is it fair to say that the original promissory notes that are the subject of the oral agreements between you and the Dugaboy – withdrawn. Is it fair to say that the original promissory notes that Highland is suing under set forth the maker and the payees' rights and obligations under those notes? MS. DEITSCH-PEREZ: Object to the form. A. Yeah, I – again, I want to – I want to avoid using the term "modification" or	Page 475
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	DONDERO - 10/29/21 MS. DEITSCH-PEREZ: Object to the form. A. It was meant to condition the forgiveness. Q. Did it change — A. I would like to use those words versus modified the agreement. Q. Did it — did it alter the parties' rights and obligations? MS. DEITSCH-PEREZ: Object to the form. Q. I'm not trying to play a game with you. I just — MS. DEITSCH-PEREZ: That is exactly what you are doing. Why don't you just ask	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	MS. DEITSCH-PEREZ: Can you read that back again. Q. Is it fair to say that the original promissory notes that are the subject of the oral agreements between you and the Dugaboy – withdrawn. Is it fair to say that the original promissory notes that Highland is suing under set forth the maker and the payees' rights and obligations under those notes? MS. DEITSCH-PEREZ: Object to the form. A. Yeah, I – again, I want to – I want to avoid using the term "modification" or implying modification because, again, the notes	Page 475
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	DONDERO - 10/29/21 MS. DEITSCH-PEREZ: Object to the form. A. It was meant to condition the forgiveness. Q. Did it change — A. I would like to use those words versus modified the agreement. Q. Did it — did it alter the parties' rights and obligations? MS. DEITSCH-PEREZ: Object to the form. Q. I'm not trying to play a game with you. I just — MS. DEITSCH-PEREZ: That is exactly what you are doing. Why don't you just ask him —	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	MS. DEITSCH-PEREZ: Can you read that back again. Q. Is it fair to say that the original promissory notes that are the subject of the oral agreements between you and the Dugaboy – withdrawn. Is it fair to say that the original promissory notes that Highland is suing under set forth the maker and the payees' rights and obligations under those notes? MS. DEITSCH-PEREZ: Object to the form. A. Yeah, I – again, I want to – I want to avoid using the term "modification" or implying modification because, again, the notes are soft, and they really just talk about a	Page 475
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	DONDERO - 10/29/21 MS. DEITSCH-PEREZ: Object to the form. A. It was meant to condition the forgiveness. Q. Did it change — A. I would like to use those words versus modified the agreement. Q. Did it — did it alter the parties' rights and obligations? MS. DEITSCH-PEREZ: Object to the form. Q. I'm not trying to play a game with you. I just — MS. DEITSCH-PEREZ: That is exactly what you are doing. Why don't you just ask him — MR. MORRIS: Please stop talking.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	MS. DEITSCH-PEREZ: Can you read that back again. Q. Is it fair to say that the original promissory notes that are the subject of the oral agreements between you and the Dugaboy – withdrawn. Is it fair to say that the original promissory notes that Highland is suing under set forth the maker and the payees' rights and obligations under those notes? MS. DEITSCH-PEREZ: Object to the form. A. Yeah, I – again, I want to – I want to avoid using the term "modification" or implying modification because, again, the notes are soft, and they really just talk about a rate and/or payment or amortizations, but	Page 475
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	DONDERO - 10/29/21 MS. DEITSCH-PEREZ: Object to the form. A. It was meant to condition the forgiveness. Q. Did it change — A. I would like to use those words versus modified the agreement. Q. Did it — did it alter the parties' rights and obligations? MS. DEITSCH-PEREZ: Object to the form. Q. I'm not trying to play a game with you. I just — MS. DEITSCH-PEREZ: That is exactly what you are doing. Why don't you just ask him — MR. MORRIS: Please stop talking. Please stop talking.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	MS. DEITSCH-PEREZ: Can you read that back again. Q. Is it fair to say that the original promissory notes that are the subject of the oral agreements between you and the Dugaboy – withdrawn. Is it fair to say that the original promissory notes that Highland is suing under set forth the maker and the payees' rights and obligations under those notes? MS. DEITSCH-PEREZ: Object to the form. A. Yeah, I – again, I want to – I want to avoid using the term "modification" or implying modification because, again, the notes are soft, and they really just talk about a rate and/or payment or amortizations, but they're soft notes. Something in the agreement	Page 475
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	DONDERO - 10/29/21 MS. DEITSCH-PEREZ: Object to the form. A. It was meant to condition the forgiveness. Q. Did it change — A. I would like to use those words versus modified the agreement. Q. Did it — did it alter the parties' rights and obligations? MS. DEITSCH-PEREZ: Object to the form. Q. I'm not trying to play a game with you. I just — MS. DEITSCH-PEREZ: That is exactly what you are doing. Why don't you just ask him — MR. MORRIS: Please stop talking. Please stop talking. Q. Mr. Dondero, is it fair to say that	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	MS. DEITSCH-PEREZ: Can you read that back again. Q. Is it fair to say that the original promissory notes that are the subject of the oral agreements between you and the Dugaboy – withdrawn. Is it fair to say that the original promissory notes that Highland is suing under set forth the maker and the payees' rights and obligations under those notes? MS. DEITSCH-PEREZ: Object to the form. Object to the form. A. Yeah, I – again, I want to – I want to avoid using the term "modification" or implying modification because, again, the notes are soft, and they really just talk about a rate and/or payment or amortizations, but they're soft notes. Something in the agreement that lays out the conditions for forgiveness	Page 475
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	DONDERO - 10/29/21 MS. DEITSCH-PEREZ: Object to the form. A. It was meant to condition the forgiveness. Q. Did it change — A. I would like to use those words versus modified the agreement. Q. Did it — did it alter the parties' rights and obligations? MS. DEITSCH-PEREZ: Object to the form. Q. I'm not trying to play a game with you. I just — MS. DEITSCH-PEREZ: That is exactly what you are doing. Why don't you just ask him — MR. MORRIS: Please stop talking. Please stop talking. Q. Mr. Dondero, is it fair to say that the promissory notes that are the subject of	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	MS. DEITSCH-PEREZ: Can you read that back again. Q. Is it fair to say that the original promissory notes that are the subject of the oral agreements between you and the Dugaboy – withdrawn. Is it fair to say that the original promissory notes that Highland is suing under set forth the maker and the payees' rights and obligations under those notes? MS. DEITSCH-PEREZ: Object to the form. Object to the form. A. Yeah, I – again, I want to – I want to avoid using the term "modification" or implying modification because, again, the notes are soft, and they really just talk about a rate and/or payment or amortizations, but they're soft notes. Something in the agreement that lays out the conditions for forgiveness aren't necessarily a modification of the note,	Page 475
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	DONDERO - 10/29/21 MS. DEITSCH-PEREZ: Object to the form. A. It was meant to condition the forgiveness. Q. Did it change — A. I would like to use those words versus modified the agreement. Q. Did it — did it alter the parties' rights and obligations? MS. DEITSCH-PEREZ: Object to the form. Q. I'm not trying to play a game with you. I just — MS. DEITSCH-PEREZ: That is exactly what you are doing. Why don't you just ask him — MR. MORRIS: Please stop talking. Please stop talking. Q. Mr. Dondero, is it fair to say that the promissory notes that are the subject of your oral agreements with the Dugaboy —	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	MS. DEITSCH-PEREZ: Can you read that back again. Q. Is it fair to say that the original promissory notes that are the subject of the oral agreements between you and the Dugaboy – withdrawn. Is it fair to say that the original promissory notes that Highland is suing under set forth the maker and the payees' rights and obligations under those notes? MS. DEITSCH-PEREZ: Object to the form. Object to the form. A. Yeah, I – again, I want to – I want to avoid using the term "modification" or implying modification because, again, the notes are soft, and they really just talk about a rate and/or payment or amortizations, but they're soft notes. Something in the agreement that lays out the conditions for forgiveness aren't necessarily a modification of the note, and I'd like that to be –	Page 475
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	DONDERO - 10/29/21 MS. DEITSCH-PEREZ: Object to the form. A. It was meant to condition the forgiveness. Q. Did it change — A. I would like to use those words versus modified the agreement. Q. Did it — did it alter the parties' rights and obligations? MS. DEITSCH-PEREZ: Object to the form. Q. I'm not trying to play a game with you. I just — MS. DEITSCH-PEREZ: That is exactly what you are doing. Why don't you just ask him — MR. MORRIS: Please stop talking. Please stop talking. Q. Mr. Dondero, is it fair to say that the promissory notes that are the subject of your oral agreements with the Dugaboy — Dugaboy trustee set forth the parties' rights	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	MS. DEITSCH-PEREZ: Can you read that back again. Q. Is it fair to say that the original promissory notes that are the subject of the oral agreements between you and the Dugaboy – withdrawn. Is it fair to say that the original promissory notes that Highland is suing under set forth the maker and the payees' rights and obligations under those notes? MS. DEITSCH-PEREZ: Object to the form. Object to the form. A. Yeah, I – again, I want to – I want to avoid using the term "modification" or implying modification because, again, the notes are soft, and they really just talk about a rate and/or payment or amortizations, but they're soft notes. Something in the agreement that lays out the conditions for forgiveness aren't necessarily a modification of the note, and I'd like that to be – Q. Let me –	Page 475
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	DONDERO - 10/29/21 MS. DEITSCH-PEREZ: Object to the form. A. It was meant to condition the forgiveness. Q. Did it change — A. I would like to use those words versus modified the agreement. Q. Did it — did it alter the parties' rights and obligations? MS. DEITSCH-PEREZ: Object to the form. Q. I'm not trying to play a game with you. I just — MS. DEITSCH-PEREZ: That is exactly what you are doing. Why don't you just ask him — MR. MORRIS: Please stop talking. Please stop talking. Q. Mr. Dondero, is it fair to say that the promissory notes that are the subject of your oral agreements with the Dugaboy —	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	MS. DEITSCH-PEREZ: Can you read that back again. Q. Is it fair to say that the original promissory notes that are the subject of the oral agreements between you and the Dugaboy – withdrawn. Is it fair to say that the original promissory notes that Highland is suing under set forth the maker and the payees' rights and obligations under those notes? MS. DEITSCH-PEREZ: Object to the form. Object to the form. A. Yeah, I – again, I want to – I want to avoid using the term "modification" or implying modification because, again, the notes are soft, and they really just talk about a rate and/or payment or amortizations, but they're soft notes. Something in the agreement that lays out the conditions for forgiveness aren't necessarily a modification of the note, and I'd like that to be –	Page 475

	Page 476			Page 477
1	DONDERO - 10/29/21	1	DONDERO - 10/29/21	1 aye 411
2	of the demand notes, Highland as the payee had	2	of the question.	
3	the unfetterred right to demand payment at any	3	Q. You can answer.	
4	time; correct? Did you understand that?	4	A. The conditions subsequent – the	
5	MS. DEITSCH-PEREZ: At the time that	5	condition precedent - precedence for	
6	the notes were first signed?	6	forgiveness changed the ability for the demand	
7	MR. MORRIS: Yes, ma'am.	7	notes to be demanded.	
8	A. Yeah. I mean, at the – at the time	8	Q. Okay. And - and each of the oral	
9	that they were first put in place, but by the	9	agreements that you entered into with the	
10	time the demand was made, they had already been	10	Dugaboy trustee was related to the loans that	
11	subject to the conditions present or the	11	were reflected in the promissory notes;	
12	conditions for forgiveness.	12	correct?	
13	Q. Okay. So this is exactly what I'm	13	A. Well, it was related to the	
14	trying to get at. At the time the notes were	14	promissory notes themselves.	
15	signed, Highland had the right to make demand	15	Q. Correct. And the promissory notes	
16	for payment at any time; correct?	16	reflect notes that were made from the payee to	
17	A. Yes.	17	the maker; correct?	
18	Q. And when you entered into the oral	18	A. Yeah. Most of them were roll-ups	
19	agreements with the Dugaboy trustee, Highland's	19	from prior.	
20	right to make a demand – pick your word,	20	Q. No. Those are the term notes. I'm	
21	modified, altered, amended, changed – it	21	only talking about the demand notes.	
22	was - your oral agreement had an impact on	22	A. Okay.	
23	Highland's rights under the promissory notes;	23	Q. Okay. So with respect to the demand	
24	correct?	24	notes, the oral agreements that you entered	
25	MS. DEITSCH-PEREZ: Object to form	25	into with the Dugaboy trustee related to the	
1	Page 478	1	DONDERO 10/20/21	Page 479
1	DONDERO - 10/29/21	1	DONDERO - 10/29/21	Page 479
2	DONDERO - 10/29/21 loans that were the subject of the promissory	2	you have?	Page 479
2 3	DONDERO - 10/29/21 loans that were the subject of the promissory notes; correct?	2 3	you have? MR. MORRIS: Oh, I've got probably	Page 479
2	DONDERO - 10/29/21 loans that were the subject of the promissory notes; correct? A. Yeah, I – I – I am just not	2 3 4	you have? MR. MORRIS: Oh, I've got probably four hours, so I don't expect to finish	Page 479
2 3 4 5	DONDERO - 10/29/21 loans that were the subject of the promissory notes; correct? A. Yeah, I – I – I am just not understanding the nuance enough to answer that	2 3 4 5	you have? MR. MORRIS: Oh, I've got probably four hours, so I don't expect to finish today. If Mr. Dondero – if Mr. Dondero	Page 479
2 3 4 5 6	DONDERO - 10/29/21 loans that were the subject of the promissory notes; correct? A. Yeah, I – I – I am just not understanding the nuance enough to answer that question.	2 3 4 5 6	you have? MR. MORRIS: Oh, I've got probably four hours, so I don't expect to finish today. If Mr. Dondero – if Mr. Dondero wants to stop –	Page 479
2 3 4 5 6 7	DONDERO - 10/29/21 loans that were the subject of the promissory notes; correct? A. Yeah, I – I – I am just not understanding the nuance enough to answer that question. Q. Did the oral agreements relate to	2 3 4 5 6 7	you have? MR. MORRIS: Oh, I've got probably four hours, so I don't expect to finish today. If Mr. Dondero — if Mr. Dondero wants to stop — Q. Are you unable to continue right	Page 479
2 3 4 5 6 7 8	DONDERO - 10/29/21 loans that were the subject of the promissory notes; correct? A. Yeah, I – I – I am just not understanding the nuance enough to answer that question. Q. Did the oral agreements relate to the loans that were the subject of the	2 3 4 5 6 7 8	you have? MR. MORRIS: Oh, I've got probably four hours, so I don't expect to finish today. If Mr. Dondero – if Mr. Dondero wants to stop – Q. Are you unable to continue right now, Mr. Dondero?	Page 479
2 3 4 5 6 7 8 9	DONDERO - 10/29/21 loans that were the subject of the promissory notes; correct? A. Yeah, I – I – I am just not understanding the nuance enough to answer that question. Q. Did the oral agreements relate to the loans that were the subject of the promissory notes?	2 3 4 5 6 7 8 9	you have? MR. MORRIS: Oh, I've got probably four hours, so I don't expect to finish today. If Mr. Dondero – if Mr. Dondero wants to stop – Q. Are you unable to continue right now, Mr. Dondero? A. Well, if we have four more hours, I	Page 479
2 3 4 5 6 7 8 9	DONDERO - 10/29/21 loans that were the subject of the promissory notes; correct? A. Yeah, I – I – I am just not understanding the nuance enough to answer that question. Q. Did the oral agreements relate to the loans that were the subject of the promissory notes? A. The oral agreements affected the	2 3 4 5 6 7 8 9 10	you have? MR. MORRIS: Oh, I've got probably four hours, so I don't expect to finish today. If Mr. Dondero — if Mr. Dondero wants to stop — Q. Are you unable to continue right now, Mr. Dondero? A. Well, if we have four more hours, I would rather do it a day next — next week, one	Page 479
2 3 4 5 6 7 8 9 10	DONDERO - 10/29/21 loans that were the subject of the promissory notes; correct? A. Yeah, I – I – I am just not understanding the nuance enough to answer that question. Q. Did the oral agreements relate to the loans that were the subject of the promissory notes? A. The oral agreements affected the term loans and the demand notes.	2 3 4 5 6 7 8 9 10 11	you have? MR. MORRIS: Oh, I've got probably four hours, so I don't expect to finish today. If Mr. Dondero – if Mr. Dondero wants to stop – Q. Are you unable to continue right now, Mr. Dondero? A. Well, if we have four more hours, I would rather do it a day next – next week, one afternoon.	Page 479
2 3 4 5 6 7 8 9 10 11 12	DONDERO - 10/29/21 loans that were the subject of the promissory notes; correct? A. Yeah, I – I – I am just not understanding the nuance enough to answer that question. Q. Did the oral agreements relate to the loans that were the subject of the promissory notes? A. The oral agreements affected the term loans and the demand notes. Q. Okay.	2 3 4 5 6 7 8 9 10 11 12	you have? MR. MORRIS: Oh, I've got probably four hours, so I don't expect to finish today. If Mr. Dondero – if Mr. Dondero wants to stop – Q. Are you unable to continue right now, Mr. Dondero? A. Well, if we have four more hours, I would rather do it a day next – next week, one afternoon. MR. MORRIS: Okay. Can we check our	Page 479
2 3 4 5 6 7 8 9 10 11 12 13	DONDERO - 10/29/21 loans that were the subject of the promissory notes; correct? A. Yeah, I – I – I am just not understanding the nuance enough to answer that question. Q. Did the oral agreements relate to the loans that were the subject of the promissory notes? A. The oral agreements affected the term loans and the demand notes. Q. Okay. A. Does that answer your question?	2 3 4 5 6 7 8 9 10 11 12 13	you have? MR. MORRIS: Oh, I've got probably four hours, so I don't expect to finish today. If Mr. Dondero – if Mr. Dondero wants to stop – Q. Are you unable to continue right now, Mr. Dondero? A. Well, if we have four more hours, I would rather do it a day next – next week, one afternoon. MR. MORRIS: Okay. Can we check our calendars before we go off the record?	Page 479
2 3 4 5 6 7 8 9 10 11 12	DONDERO - 10/29/21 loans that were the subject of the promissory notes; correct? A. Yeah, I – I – I am just not understanding the nuance enough to answer that question. Q. Did the oral agreements relate to the loans that were the subject of the promissory notes? A. The oral agreements affected the term loans and the demand notes. Q. Okay. A. Does that answer your question? Q. And so – and so is it fair to say	2 3 4 5 6 7 8 9 10 11 12 13 14	you have? MR. MORRIS: Oh, I've got probably four hours, so I don't expect to finish today. If Mr. Dondero – if Mr. Dondero wants to stop – Q. Are you unable to continue right now, Mr. Dondero? A. Well, if we have four more hours, I would rather do it a day next – next week, one afternoon. MR. MORRIS: Okay. Can we check our calendars before we go off the record? We have a deposition on Tuesday.	Page 479
2 3 4 5 6 7 8 9 10 11 12 13	DONDERO - 10/29/21 loans that were the subject of the promissory notes; correct? A. Yeah, I – I – I am just not understanding the nuance enough to answer that question. Q. Did the oral agreements relate to the loans that were the subject of the promissory notes? A. The oral agreements affected the term loans and the demand notes. Q. Okay. A. Does that answer your question?	2 3 4 5 6 7 8 9 10 11 12 13 14 15	you have? MR. MORRIS: Oh, I've got probably four hours, so I don't expect to finish today. If Mr. Dondero – if Mr. Dondero wants to stop – Q. Are you unable to continue right now, Mr. Dondero? A. Well, if we have four more hours, I would rather do it a day next – next week, one afternoon. MR. MORRIS: Okay. Can we check our calendars before we go off the record? We have a deposition on Tuesday. I'm not available on Monday. I can make	Page 479
2 3 4 5 6 7 8 9 10 11 12 13 14 15	DONDERO - 10/29/21 loans that were the subject of the promissory notes; correct? A. Yeah, I – I – I am just not understanding the nuance enough to answer that question. Q. Did the oral agreements relate to the loans that were the subject of the promissory notes? A. The oral agreements affected the term loans and the demand notes. Q. Okay. A. Does that answer your question? Q. And so – and so is it fair to say that the oral agreements related to – to the – to the – to the loans that were the	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	you have? MR. MORRIS: Oh, I've got probably four hours, so I don't expect to finish today. If Mr. Dondero – if Mr. Dondero wants to stop – Q. Are you unable to continue right now, Mr. Dondero? A. Well, if we have four more hours, I would rather do it a day next – next week, one afternoon. MR. MORRIS: Okay. Can we check our calendars before we go off the record? We have a deposition on Tuesday. I'm not available on Monday. I can make myself free on Wednesday, Thursday, or	Page 479
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	DONDERO - 10/29/21 loans that were the subject of the promissory notes; correct? A. Yeah, I – I – I am just not understanding the nuance enough to answer that question. Q. Did the oral agreements relate to the loans that were the subject of the promissory notes? A. The oral agreements affected the term loans and the demand notes. Q. Okay. A. Does that answer your question? Q. And so – and so is it fair to say that the oral agreements related to – to the – to the loans that were the subject of the notes?	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17	you have? MR. MORRIS: Oh, I've got probably four hours, so I don't expect to finish today. If Mr. Dondero — if Mr. Dondero wants to stop — Q. Are you unable to continue right now, Mr. Dondero? A. Well, if we have four more hours, I would rather do it a day next — next week, one afternoon. MR. MORRIS: Okay. Can we check our calendars before we go off the record? We have a deposition on Tuesday. I'm not available on Monday. I can make myself free on Wednesday, Thursday, or Friday. And I think that we should expect,	Page 479
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	DONDERO - 10/29/21 loans that were the subject of the promissory notes; correct? A. Yeah, I – I – I am just not understanding the nuance enough to answer that question. Q. Did the oral agreements relate to the loans that were the subject of the promissory notes? A. The oral agreements affected the term loans and the demand notes. Q. Okay. A. Does that answer your question? Q. And so – and so is it fair to say that the oral agreements related to – to the – to the loans that were the subject of the notes? A. I don't know.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16	you have? MR. MORRIS: Oh, I've got probably four hours, so I don't expect to finish today. If Mr. Dondero – if Mr. Dondero wants to stop – Q. Are you unable to continue right now, Mr. Dondero? A. Well, if we have four more hours, I would rather do it a day next – next week, one afternoon. MR. MORRIS: Okay. Can we check our calendars before we go off the record? We have a deposition on Tuesday. I'm not available on Monday. I can make myself free on Wednesday, Thursday, or Friday. And I think that we should expect, you know, a substantial period of time,	Page 479
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	DONDERO - 10/29/21 loans that were the subject of the promissory notes; correct? A. Yeah, I – I – I am just not understanding the nuance enough to answer that question. Q. Did the oral agreements relate to the loans that were the subject of the promissory notes? A. The oral agreements affected the term loans and the demand notes. Q. Okay. A. Does that answer your question? Q. And so – and so is it fair to say that the oral agreements related to – to the – to the – to the loans that were the subject of the notes? A. I don't know. Q. Okay.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19	you have? MR. MORRIS: Oh, I've got probably four hours, so I don't expect to finish today. If Mr. Dondero – if Mr. Dondero wants to stop – Q. Are you unable to continue right now, Mr. Dondero? A. Well, if we have four more hours, I would rather do it a day next – next week, one afternoon. MR. MORRIS: Okay. Can we check our calendars before we go off the record? We have a deposition on Tuesday. I'm not available on Monday. I can make myself free on Wednesday, Thursday, or Friday. And I think that we should expect, you know, a substantial period of time, perhaps as long as a full day.	Page 479
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	DONDERO - 10/29/21 loans that were the subject of the promissory notes; correct? A. Yeah, I – I – I am just not understanding the nuance enough to answer that question. Q. Did the oral agreements relate to the loans that were the subject of the promissory notes? A. The oral agreements affected the term loans and the demand notes. Q. Okay. A. Does that answer your question? Q. And so – and so is it fair to say that the oral agreements related to – to the – to the – to the loans that were the subject of the notes? A. I don't know. Q. Okay. A. I'm not – I'm not sure what you are	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18	you have? MR. MORRIS: Oh, I've got probably four hours, so I don't expect to finish today. If Mr. Dondero — if Mr. Dondero wants to stop — Q. Are you unable to continue right now, Mr. Dondero? A. Well, if we have four more hours, I would rather do it a day next — next week, one afternoon. MR. MORRIS: Okay. Can we check our calendars before we go off the record? We have a deposition on Tuesday. I'm not available on Monday. I can make myself free on Wednesday, Thursday, or Friday. And I think that we should expect, you know, a substantial period of time, perhaps as long as a full day. I mean, with all due respect —	Page 479
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	DONDERO - 10/29/21 loans that were the subject of the promissory notes; correct? A. Yeah, I – I – I am just not understanding the nuance enough to answer that question. Q. Did the oral agreements relate to the loans that were the subject of the promissory notes? A. The oral agreements affected the term loans and the demand notes. Q. Okay. A. Does that answer your question? Q. And so – and so is it fair to say that the oral agreements related to – to the – to the – to the loans that were the subject of the notes? A. I don't know. Q. Okay. A. I'm not – I'm not sure what you are asking, but I don't know the answer.	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	you have? MR. MORRIS: Oh, I've got probably four hours, so I don't expect to finish today. If Mr. Dondero — if Mr. Dondero wants to stop — Q. Are you unable to continue right now, Mr. Dondero? A. Well, if we have four more hours, I would rather do it a day next — next week, one afternoon. MR. MORRIS: Okay. Can we check our calendars before we go off the record? We have a deposition on Tuesday. I'm not available on Monday. I can make myself free on Wednesday, Thursday, or Friday. And I think that we should expect, you know, a substantial period of time, perhaps as long as a full day. I mean, with all due respect — MS. DEITSCH-PEREZ: How do you have	Page 479
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20	DONDERO - 10/29/21 loans that were the subject of the promissory notes; correct? A. Yeah, I – I – I am just not understanding the nuance enough to answer that question. Q. Did the oral agreements relate to the loans that were the subject of the promissory notes? A. The oral agreements affected the term loans and the demand notes. Q. Okay. A. Does that answer your question? Q. And so – and so is it fair to say that the oral agreements related to – to the – to the – to the loans that were the subject of the notes? A. I don't know. Q. Okay. A. I'm not – I'm not sure what you are asking, but I don't know the answer. Q. Okay. It is your –	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21	you have? MR. MORRIS: Oh, I've got probably four hours, so I don't expect to finish today. If Mr. Dondero – if Mr. Dondero wants to stop – Q. Are you unable to continue right now, Mr. Dondero? A. Well, if we have four more hours, I would rather do it a day next – next week, one afternoon. MR. MORRIS: Okay. Can we check our calendars before we go off the record? We have a deposition on Tuesday. I'm not available on Monday. I can make myself free on Wednesday, Thursday, or Friday. And I think that we should expect, you know, a substantial period of time, perhaps as long as a full day. I mean, with all due respect – MS. DEITSCH-PEREZ: How do you have a full day? You have already gone – you	Page 479
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	DONDERO - 10/29/21 loans that were the subject of the promissory notes; correct? A. Yeah, I – I – I am just not understanding the nuance enough to answer that question. Q. Did the oral agreements relate to the loans that were the subject of the promissory notes? A. The oral agreements affected the term loans and the demand notes. Q. Okay. A. Does that answer your question? Q. And so – and so is it fair to say that the oral agreements related to – to the – to the – to the loans that were the subject of the notes? A. I don't know. Q. Okay. A. I'm not – I'm not sure what you are asking, but I don't know the answer. Q. Okay. It is your – MS. DEITSCH-PEREZ: John, just	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22	you have? MR. MORRIS: Oh, I've got probably four hours, so I don't expect to finish today. If Mr. Dondero — if Mr. Dondero wants to stop — Q. Are you unable to continue right now, Mr. Dondero? A. Well, if we have four more hours, I would rather do it a day next — next week, one afternoon. MR. MORRIS: Okay. Can we check our calendars before we go off the record? We have a deposition on Tuesday. I'm not available on Monday. I can make myself free on Wednesday, Thursday, or Friday. And I think that we should expect, you know, a substantial period of time, perhaps as long as a full day. I mean, with all due respect — MS. DEITSCH-PEREZ: How do you have a full day? You have already gone — you have already gone more than half a day.	Page 479
2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	DONDERO - 10/29/21 loans that were the subject of the promissory notes; correct? A. Yeah, I – I – I am just not understanding the nuance enough to answer that question. Q. Did the oral agreements relate to the loans that were the subject of the promissory notes? A. The oral agreements affected the term loans and the demand notes. Q. Okay. A. Does that answer your question? Q. And so – and so is it fair to say that the oral agreements related to – to the – to the – to the loans that were the subject of the notes? A. I don't know. Q. Okay. A. I'm not – I'm not sure what you are asking, but I don't know the answer. Q. Okay. It is your –	2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23	you have? MR. MORRIS: Oh, I've got probably four hours, so I don't expect to finish today. If Mr. Dondero – if Mr. Dondero wants to stop – Q. Are you unable to continue right now, Mr. Dondero? A. Well, if we have four more hours, I would rather do it a day next – next week, one afternoon. MR. MORRIS: Okay. Can we check our calendars before we go off the record? We have a deposition on Tuesday. I'm not available on Monday. I can make myself free on Wednesday, Thursday, or Friday. And I think that we should expect, you know, a substantial period of time, perhaps as long as a full day. I mean, with all due respect – MS. DEITSCH-PEREZ: How do you have a full day? You have already gone – you	Page 479

	Page 480	T		Page 481
1	DONDERO - 10/29/21	1	DONDERO - 10/29/21	raye 461
2	to - to discuss this with you offline, but	2	or Friday, Mr. Dondero, I will make myself	
3	I didn't decide that Mr. Dondero would	3	available at your convenience.	
4	appear in his personal capacity and on	4	THE WITNESS: I have all day board	
5	behalf of three separate 30(b)(6)	5	meetings on Wednesday.	
6	witnesses.	6	MR. MORRIS: Okay.	
7	If you had given me a different	7	THE WITNESS: I could do Thursday	
8	witness for each, I would have a total of	8	afternoon or I can do Friday afternoon.	
9	28 hours. I don't expect to use anything	9	Hold on.	
10	remotely close to that time, but I am	10	MS. DEITSCH-PEREZ: Let me put this	
11	examining four witnesses here and I	11	on mute and we will look at our calendars.	
12	would - I would appreciate -	12	MR. MORRIS: Thank you.	
13	MS. DEITSCH-PEREZ: But we also	13	VIDEOGRAPHER: Do you want to stay	
14	MR. MORRIS: I would appreciate it.	14	on the record?	
15	And, look, you can stop me at any time. If	15	MR. MORRIS: Yes, please.	
16	I haven't finished asking the questions	16	THE WITNESS: Hello. All right. I	
17	that I believe I'm entitled to, I will, you	17	can do Thursday afternoon for four hours.	
18	know, take it to the judge. I'm just	18	And if we need more time than that we can	
19	putting you on notice. I have - I'm on	19	either do Friday afternoon or sometime	
20	page 27 of a 57-page outline, so	20	the – the week after that, but I have – I	
21	MS. DEITSCH-PEREZ: Oh, geez.	21	have got –	
22	MR. MORRIS: Yeah, so I do have a	22	MR. MORRIS: Thank you very much.	
23	fair amount more to cover. Okay?	23	What time on Thursday works for you,	
24	MS. DEITSCH-PEREZ: All right.	24	sir?	
25	MR. MORRIS: So Wednesday, Thursday,	25	THE WITNESS: How about 1:00 o'clock	
\vdash	Page 482			Page 483
1	DONDERO - 10/29/21	1	DONDERO - 10/29/21	
2	my time?	2		
3	MR. MORRIS: Okay. I appreciate it.	3	JAMES DONDERO	
4	Thank you very much. 1:00 o'clock Central,	4		
5	it is, next Thursday for the continuation	5	Subscribed and sworn to before me	
6	of this.		this day of 2021.	
7	And hopefully I will finish that	7		
8	day, you know, if we can go without a lot	8		
9	of breaks and the rest of it. Hopefully I	9		
10	can finish that day. My intention is to do	10		
11	that. Okay?	11		
12	THE WITNESS: Perfect. Thank you.	12		
13	MS. DEITSCH-PEREZ: Can – can I get	13		
14	9	14		
15	COURT REPORTER: Yes. Yes.	15		
16	MR. MORRIS: All right. We can go	16		
1 4-	CC (I	17		
1	off the record.	10		
18	MS. DEITSCH-PEREZ: Thank you.	18		
18 19	MS. DEITSCH-PEREZ: Thank you. COURT REPORTER: Thank you.	19		
18 19 20	MS. DEITSCH-PEREZ: Thank you. COURT REPORTER: Thank you. VIDEOGRAPHER: Off the record, 3:53.	19 20		
18 19 20 21	MS. DEITSCH-PEREZ: Thank you. COURT REPORTER: Thank you.	19 20 21		
18 19 20 21 22	MS. DEITSCH-PEREZ: Thank you. COURT REPORTER: Thank you. VIDEOGRAPHER: Off the record, 3:53.	19 20 21 22		
18 19 20 21 22 23	MS. DEITSCH-PEREZ: Thank you. COURT REPORTER: Thank you. VIDEOGRAPHER: Off the record, 3:53.	19 20 21 22 23		
18 19 20 21 22 23 24	MS. DEITSCH-PEREZ: Thank you. COURT REPORTER: Thank you. VIDEOGRAPHER: Off the record, 3:53.	19 20 21 22 23 24		
18 19 20 21 22 23	MS. DEITSCH-PEREZ: Thank you. COURT REPORTER: Thank you. VIDEOGRAPHER: Off the record, 3:53.	19 20 21 22 23		

$\texttt{Case@214060065sgjpDood148634Fiffeld0110061221} \ \ \texttt{Effittererd011006122118418743} \ \ \ \texttt{Plage@53} \ \ \text{of 899}$

Γ.	Page 484		DOUDEDO 10/00/01	Page 485
1	DONDERO - 10/29/21	1	DONDERO - 10/29/21	
2	CERTIFICATE	2	NAME OF CASE: In re: Highland Capital	
3	101011101101101101	3	DATE OF DEPOSITION: October 29, 2021	
4	I, SUSAN S. KLINGER, a certified shorthand	4	NAME OF WITNESS: James Dondero	
5	reporter within and for the State of Texas, do	5	Reason Codes:	
6	hereby certify:	6	To clarify the record.	
7	That JAMES DONDERO, the witness whose	7	2. To conform to the facts.	
8	deposition is hereinbefore set forth, was duly	8	To correct transcription errors.	
9	sworn by me and that such deposition is a true	9	PageLineReason	
10	record of the testimony given by such witness.	10	Fromto	
11	I further certify that I am not related to	11	PageLineReason	
12	any of the parties to this action by blood or	12	Fromto	
13	marriage; and that I am in no way interested in	13	PageLineReason	
14	the outcome of this matter.	14	Fromto	
15	IN WITNESS WHEREOF, I have hereunto set my	15	PageLineReason	
16	hand this 29th of October, 2021.	16	Fromto	
17		17	·	
18		18	Fromto	
19	Susan S. Klinger, RMR-CRR, CSR	19	PageLineReason	
20	Texas CSR# 6531	20	Fromto	
21		21	PageLineReason	
22		22	Fromto	
23		23		
24		24	Fromto	
25		25		

Index: \$100..84

[341:1 342:1 343:1	11:16 318:8,10	2020 291:11 336:25	449:6,13 450:11
\$	344:1 345:1 346:1		371:11,15,16 372:15	451:3 453:23 455:8
	347:1 348:1 349:1	11th 310:11 324:4	373:22 374:6,9,21	461:21
\$100 294:8	350:1 351:1 352:1	440:21	393:17 394:2,9,16	35 202.7 200.42
	353:1 354:1 355:1	12 298:13,16	395:14 397:4,25	35 292:7 309:13
\$14 392:5	356:1 357:1 358:1	12-month 420:12	415:8 439:8,17	37 323:18
\$150,000 434:2,14	359:1 360:1 361:1		440:16,21 445:22	3:00 445:8
435:3,9 437:17	362:1 363:1 364:1	12:40 381:8,9	446:5 456:3,13,22	
\$200 294:2	365:1 366:1 367:1	12:51 381:9	459:2,9,13,16 461:20	3:19 454:17,19
	368:1 369:1 370:1 371:1 372:1 373:1		463:3 464:21,25 465:13 466:16	3:53 482:20,21
\$25 296:18	374:1 375:1 376:1	13 357:19	467:22 468:14,25	2 rd 420.7 47 440.0 40
\$27 420:12	377:1 378:1 379:1	14 391:25	469:12	3rd 439:7,17 440:6,16 464:3,5,21,25 466:16
	380:1 381:1 382:1	15 380:10,11 421:17		404.3,3,21,23 400.10
\$27.675 419:17	383:1 384:1 385:1	431:8	2021 288:7 357:6	
\$30 407:22 412:4	386:1 387:1 388:1		363:17	4
413:5,11	389:1 390:1 391:1	16 362:13,16,18,19	21 337:2	
600 75 400 40	392:1 393:1 394:1	391:25		4 393:4 412:23 433:21
\$30.75 408:18	395:1 396:1 397:1	17 377:21,22	25 292:15,16 422:3,	436:3 448:3,14,20,23
\$400,000 437:4	398:1 399:1 400:1		18	464:11,12,13,18
\$50 296:15	401:1 402:1 403:1	1994 291:10	25-year 293:15	40 365:2
\$50 290:15	404:1 405:1 406:1	1:00 481:25 482:4	_	
\$600 298:12	407:1 408:1 409:1		26 292:16 422:3,19	47 345:5,6
\$75 294:11	410:1 411:1 412:1	1:13 398:19,20	27 480:20	48 353:11,12
410 201.11	413:1 414:1 415:1	1:45 398:18	28 480:9	
	416:1 417:1 418:1	4:49 200:20 22		49 354:5,6
0	419:1 420:1 421:1	1:48 398:20,22	28th 435:4	
	422:1 423:1 424:1		29 288:7	5
03 402:14	425:1 426:1 427:1	2		
	428:1 429:1 430:1		2:13 398:15	5 298:11 414:6 439:15
1	431:1 432:1 433:1	2 288:4 408:8,10,13,	2:45 398:18	445:25 455:11,14,18
<u> </u>	434:1 435:1 436:1	21 436:3,4,5 464:10,		464:18
1 288:4 408:12,15	437:1 438:1 439:1 440:1 441:1 442:1	11,17	2:56 454:16,17	
	443:1 444:1 445:1			50 405:17 429:24
433:21,23,24 466:8,9	446:1 447:1 448:1	2.1 409:13	3	57-page 480:20
10 298:13,15 318:3	449:1 450:1 451:1	20 414:24 421:17		0. page
454:8	452:1 453:1 454:1	2008 292:11 426:21	3 348:11 433:14,15,	
10/29/21 288:1 289:1	455:1 456:1 457:1		18,23 436:3,13	6
290:1 291:1 292:1	458:1 459:1 460:1	428:12 429:7	439:15 464:17	
293:1 294:1 295:1	461:1 462:1 463:1	2010 307:12	466:11	6 446:15,16 448:17,
296:1 297:1 298:1	464:1 465:1 466:1	2014 420:13 450:23		19,22
299:1 300:1 301:1	467:1 468:1 469:1		30(b)(6) 345:2,10,13	
302:1 303:1 304:1	470:1 471:1 472:1	2015 401:21 420:13	353:14,18 354:7,13	8
305:1 306:1 307:1	473:1 474:1 475:1	450:23	363:3 370:21 376:4,	
308:1 309:1 310:1	476:1 477:1 478:1	2017 408:17,24	19 378:3 388:22	8 298:13,15
311:1 312:1 313:1	479:1 480:1 481:1	410:23 411:8 419:12	391:5 406:5 480:5	
314:1 315:1 316:1	482:1	447:2,24 449:6,13	30(b)(6)s 386:22	80 390:4,7
317:1 318:1 319:1	102 365:10	450:11 451:3 452:15	387:23	81 390:7 398:12
320:1 321:1 322:1		455:8 463:24	30-year 451:10,13,17	
	10:21 288:8			82 357:20,25 390:7
323:1 324:1 325:1		2018 369:15 435:4	31 354:22,23 402:9,	398:12 403:4,6 422:8
323:1 324:1 325:1 326:1 327:1 328:1	10:41 304:67	426,40 462,05		
323:1 324:1 325:1 326:1 327:1 328:1 329:1 330:1 331:1	10:41 304:6,7	436:10 463:25	13,23 472:14,17	423:10 472:14,18,21
323:1 324:1 325:1 326:1 327:1 328:1 329:1 330:1 331:1 332:1 333:1 334:1	10:41 304:6,7 10:47 304:7,9	436:10 463:25 2019 310:11 324:5		83 357:18,25 358:19
323:1 324:1 325:1 326:1 327:1 328:1 329:1 330:1 331:1			13,23 472:14,17 31st 408:16,24 410:23 419:12 447:2	

85 359:21

86 359:23 360:13

88 360:16 361:14 362:9

9

91 357:21

94 291:8 365:2,10,15 370:8

95 370:14,15,23 375:22

96 370:24 375:22 378:10,17,20 379:14, 24

97 380:2

98 380:3

9th 291:11 374:9

Α

a.m. 288:8 304:7 318:8

ability 289:25 353:23 477:6

absolutely 375:15 458:18

absolve 376:20

accelerate 414:12

acceleration 377:17 412:23 414:13

accepted 392:22

accepting 377:14

access 425:25 431:15.25

accommodate 317:25

accordance 418:16, 23

account 331:3 338:14 372:2

accountants 371:5 451:14

accounting 299:8, 19 300:4 319:25 324:15 334:12,19 382:23,24 383:9 397:13 410:16,20,25 411:12,15 416:5 418:2 459:6

accounts 319:9,12, 17,21 328:19,22 329:2,8

accrue 373:12

accurate 343:13,15 357:15 364:24 379:10

accurately 334:16

acknowledge 360:6

acknowledges 470:21

acting 340:15 371:24 372:12 396:25 442:25 462:25 465:10

activities 472:7

actual 438:4

add 392:4

additional 361:16 392:5 426:4

addressed 464:20

adjourn 290:4

adjourned 482:21

adjust 291:24 442:10

administered 416:11 417:21

administering 415:3

advance 352:25

advisor 308:11,12, 13,14

advisors 306:8 322:13 324:4,9 326:2,5 335:20,22 374:20 375:6 466:23 471:23

affected 478:10

affiliate 298:4,22

299:3,21 300:7 301:3,9 344:12 452:23

affiliated 297:16,24 314:22 315:8 325:3, 11,12,17 344:14 426:15

affiliates 344:22 413:12,13 426:22 467:21 468:16

affirmative 347:7,11, 14 348:8 357:21 358:6,20 359:3,19,24 360:12,25 361:13 362:9 365:11 366:7 370:15,22 375:21 376:9,17 378:11 379:23 380:4 389:13 390:9 391:7 398:11 406:20

affixed 434:14 435:7

afoot 438:22

afternoon 479:11 481:8,17,19

aggregate 293:23 295:16 297:25 419:8

aggregating 411:10

agree 400:8 446:25

agreed 301:15 430:5

agreement 335:15, 17,24 336:5,6,9,15, 25 337:5,6 356:4 361:22 381:11,20,24 382:13,21 404:16,24 405:3 407:10,12 420:25 421:5 427:20 449:20 472:6,22 474:8 475:19 476:22

agreements 335:23 336:2 339:23 375:5 399:8,16 400:10,11, 23 401:4,16 403:7, 11,14,20 404:2,8 405:15 406:21 420:21 422:7,23 423:9 426:15,22 427:3 443:10,20 472:11 473:9,21 474:22 475:6 476:19 477:9,24 478:7,10,15 ahead 437:22 441:21

air 423:20

alleged 360:18

allowed 435:7

alter 474:9

altered 476:21

alternative 291:18 361:6 452:2

amassed 424:19 425:5 431:8

amend 320:19

amended 346:18 355:2,20 356:3,5 357:14 362:15,24 364:23 379:9 389:3 402:24 476:21

amortizations 475:18

4/5:18

amount 293:23 294:12 295:17 298:5, 21 299:3 360:7 385:11 391:21 392:2, 6 393:6 407:22 408:17 417:20 419:16,22 422:13 430:6 435:3 460:18 480:23

amounts 333:5 344:21,23 367:12 372:6 377:13 382:6 392:21,25 420:3 424:21 427:4 431:9 448:6 450:17 460:19, 22

and/or 334:14 338:6 364:2 365:18 412:2 475:18

animation 396:22

annoyed 391:22 392:19

annual 369:23 377:2 409:16,22 410:8 453:22 460:10

answers 345:24 347:16,18 405:25 406:22 407:4 439:4 **anvtime** 371:16

Apologies 423:24

apologize 288:21 295:12 297:21 301:19 332:5 387:17 422:16 423:18 425:8, 18 445:3 448:21 455:4 464:10

appearance 445:5

appearances 288:17

appears 311:7 314:9

applied 403:15

applies 406:13

apply 333:3 368:15 403:21 404:3,9 405:8,9

appoint 301:23 302:14 311:3 323:14

appointed 301:12,14 302:18 321:6

approval 312:4

approve 312:11

approved 312:19 357:4

approving 364:10

approximate 408:17

approximately 407:22 419:17

April 310:11 324:4 450:23

arbitrary 290:19

area 292:18

argue 393:13

argument 377:17 386:10 393:8,10 446:13 465:6,7

articulate 330:23

articulated 421:10 468:21

aspect 337:10 363:25 370:11 372:5 379:5

Index: asserted..capacity

asserted 358:20 366:13

assertion 379:16 430:3 431:12

asserts 359:24 360:16 365:16

asset 291:19 298:16 308:10 376:25 412:20 421:14

assets 292:4 299:9 330:16 334:14

assigned 300:20

assume 311:22 342:11 408:25 435:5 438:5

assumed 470:18

assuming 415:20

attached 444:10,18

attention 439:21

attorney 320:18 321:8

attorneys 429:7

audit 320:2 334:19 411:3,16 416:6 426:10

audited 299:10,25 327:18 340:9 412:11, 17 428:11 429:6 430:7,22 432:6,12 470:8

auditor 426:14 427:9

auditors 334:17 373:10 411:12 416:7 426:22 427:14 435:14 451:14 454:5

audits 327:14 334:11 337:23

August 356:4 420:13

authoritative 310:20

authority 301:22,23 302:13,14 310:5 317:9,13 451:5

authorize 371:18 389:7 420:5 436:9

authorized 316:12, 18 319:8,11,16,20 328:18,21,25 329:7 363:15 371:25 391:19 434:21 438:2 463:11,19

authorizing 364:10automated 438:3

avoid 475:15

aware 311:18 312:14 314:18,24 315:4 317:7,11 324:18,19, 24 325:5 327:6 330:10 334:4,6 340:10,12 346:16,17 351:13 352:10,19 357:9,11,12 358:5 359:18 364:14,18,21 365:20 367:20 368:4 369:22 370:6 372:12. 19,25 373:2 376:16 378:8 379:17 389:10 390:8 397:21 398:11 402:4 428:13,18 429:13 434:13 435:13,15 437:16,20 439:7 442:2,11 444:8,19,24 453:21 455:17 466:15 468:18,19

awareness 320:6,8 321:4 322:10 324:12 325:8 332:16 333:4 344:10,18 352:13 366:19 373:17 401:22,23 456:25

В

back 294:19 304:8 318:9 320:25 336:17 338:17 381:3,13 388:19 392:5,24 397:10,11 398:21 401:5 424:2,10 428:18 429:7 430:3 454:18 462:11 472:10,14 475:3

background 324:15 357:4

bad 405:7 416:16 417:8

balance 293:8 298:9 299:4,22 300:8 301:4,10 326:23 327:3,7 405:18 412:2 413:19 418:4

balances 319:24

ballpark 295:18

bank 319:9,12,17,21 328:18,22,25 329:8 425:2,3

bankruptcy 300:6, 15 302:21 315:24,25 366:13 413:14

barred 358:21 359:15 360:2,17 365:17 370:16

base 298:16

based 324:16 398:5 467:25

basic 416:19 459:5

basis 294:5 344:9

Bates 444:20,23

begin 289:6,12,18

beginning 288:4 355:25 357:5 363:16 465:12

behalf 293:4 316:13, 19 349:12 353:23 354:8 363:16 364:11 371:12,24 372:7,13 386:17 387:5 388:12 389:8 394:8,16 396:25 404:10 408:24 409:7 411:17 415:4 418:13 419:20 436:10 437:14 443:2 449:12 451:6 455:7 456:18 462:17,25 463:18 464:20 465:10 469:9,10 480:5

believes 469:15

benefit 339:4 385:10

benefiting 385:9

benefits 384:20

Berghman 445:7

betrayed 468:6

big 421:10

bigger 393:11

billion 292:7

binder 346:22 362:19 433:17

binding 345:25

bit 328:3 337:20 345:11 356:17 407:16

blocked 378:13

blurt 441:18

board 425:2 431:21 481:4

boilerplate 410:17 416:4

bona 373:8 418:18, 19,20 419:23 421:19 457:10

Bonds 363:23 364:4

bonuses 322:9 424:24

book 309:16

booklet 448:25

books 298:23 397:19

borrow 295:7 420:5

borrowed 295:3,8,13 420:2,11 437:3,17 448:6 450:15 452:14

borrower 409:15

bottom 310:6 323:23

boy 336:17 383:13 416:16 417:8 422:9 473:14

Boyce 301:15

breach 391:15 392:2,

breached 303:11 304:14 305:3,13,15, 22

breaches 471:9,11, 12 472:4

break 317:23 318:4, 12 380:15,19,21 398:17 399:4 454:7, 23 455:6

breaks 482:9

Brian 324:14

bring 395:6

broad 366:5

bucks 377:3,4 391:25 393:12 421:16 430:14

building 338:18

built 339:5

bullet 416:8

bunch 309:4

burden 327:13

business 291:14 308:5 323:4 330:15 342:6 384:17 385:7

C

calculating 334:8

calculation 393:2

calendar 409:17 454:11

calendars 479:13 481:11

call 400:16 450:25 464:9

called 306:7 322:12 329:18 341:8 345:9 357:21 389:15 402:2 462:10

calls 349:24 350:3,9, 17.22 351:2

capable 290:7 458:22

capacities 325:3

capacity 303:5 311:2,19 314:4,7 315:20 331:25 332:9 345:8,9,20,24 351:3 363:3 371:16 378:3 388:22 393:14

Index: Capital..copy

399:25 406:5 480:4

Capital 288:6 290:23 294:10,15,21 295:4, 6,14,21,23 296:3,9 306:7 311:21 329:18 362:23 405:21 434:15 457:24 466:22 471:22,23

captured 308:10 334:16 370:11

care 445:20

carefully 372:11 468:11

carried 298:22 299:4,22 300:8 301:3,10 327:4

case 363:25 378:12 383:5

cases 460:19

cash 383:18 384:13 421:11

categorized 292:24

category 361:9

caused 470:16

caveat 427:17 441:21

ceased 305:11

Central 398:18 482:4

centralized 417:22

certificate 309:23 310:2,10 311:8 313:13 320:24 323:20 331:20 340:12,20 342:12 398:6 436:25

certificates 313:15 342:21

cetera 320:2 334:5 367:13 389:24 392:12,15 393:2 433:2

CFO 299:24 301:13, 23 302:15,18 303:6 311:12,20 313:7,10, 11,19 314:4 440:3

chagrin 345:11

chance 331:3 351:6

change 341:13,14 362:12 474:6

changed 299:17 476:21 477:6

characterize 333:12

characterizing 409:14

charged 299:2 333:21 364:9

charging 386:7

chat 309:18 355:11

check 426:5 479:12

checks 319:24

chief 303:2 331:23, 25 332:9

choice 345:15

circumstances

348:7 375:12,21 413:8

cited 472:7

claim 360:17

claims 358:21 359:14,25 365:16 370:16

clarification 332:6 378:18 423:8

clarify 337:20

class 400:14,19 427:21

clause 415:9

clauses 416:17

clean 304:11

cleaner 423:6,7

cleanup 406:9

clear 295:11 304:24, 25 322:2 335:5 417:11 431:4 432:15 479:25

Cliff 300:17

CLO 338:22 385:5

close 434:12,18,19 436:6 480:10

closed 360:3

closely 410:3 411:23

collateral 413:16 417:7

colleague 309:12

collectively 451:3

combination 310:5

comfortable 390:13 391:10 398:23

commenced 404:5, 11 405:6 433:10

commencement 441:7,9 443:4,8,18

455:23

comment 306:3 338:18 396:18 432:4

common 421:18

communicate 318:11 350:4

communications 348:7 441:18 442:6

comp 361:6,8,16 423:5

companies 311:20 314:13 315:7 325:4, 12 344:14 361:21 412:21 421:19,22 431:19

company 297:4 314:23 325:17 415:2

compared 404:18

compel 395:7

compensation

322:9 404:16,18 421:8,11,21 422:6,22 423:2,13 424:22 430:16 443:24 446:12

complaint 346:18 355:2,20 356:3 358:15 362:15,24 389:3 402:24 408:9.

16 433:23 448:15

complaints 356:5 407:6

complete 290:5 334:13 335:2 343:12, 15 357:14 364:23 379:10 405:16

completely 391:3 397:7

completeness 327:24

complex 401:25

complexity 363:24

compliance 327:14 371:8 393:3 411:14 462:12

compliant 319:25 334:11 418:2

compliantly 320:7

complicated 386:6

comport 303:6

concede 433:5

concern 333:17 358:6 359:2,18 360:25 361:13 362:8 365:21 370:21 390:9

concerned 411:24 453:14

concerns 347:6 348:11

concluding 328:11

conclusion 452:13

conclusions 305:18

condition 407:11 429:12,16 474:4 477:5

conditioner 423:20

conditions 413:6,10 473:15,17 475:20 476:11,12 477:4

confirm 401:8 462:3

confirmed 462:10

confusing 456:8

connection 294:17 353:7 426:9

consideration 360:3

considered 315:5 325:24

consistent 407:6 419:24

consolidated 447:22

contained 430:7

contemporaneousl y 442:12

contend 420:19 424:5 473:8

contended 367:3

contends 461:3

content 416:8

contention 403:13, 19,25 423:17 458:14 460:21 463:15

contentious 461:2

context 335:11 400:10 460:21,22

contingent 427:5

continuation 482:5

continue 290:4,20 389:22 400:6 479:7

contracted 471:15

control 297:2 307:6, 19,23 308:2 311:3 315:12,20 322:21 330:5,9 331:7 332:18 333:16 341:24 371:17 388:5 393:15 410:4 429:22 431:19

controlled 307:14 323:6 325:13 342:2 374:20 385:15

controls 320:2

convenience 481:3

conversation 457:12

copy 355:18 356:21, 22,23 402:20 434:7

Index: Cornerstone..demands

448:25

Cornerstone 427:19

corporate 312:7 320:18 321:7 323:7 330:8 342:3 345:21, 25 354:9 405:10 406:24 407:3,12 458:13 459:20 460:10 461:3,13 462:17 463:2,14,18 469:10

correct 290:24 295:4 301:11,24 306:8 313:3 316:5 322:13 325:14 328:15 335:15 337:17 339:24 342:24 351:19 374:6,9 389:18 398:2 402:15 404:12 405:14 412:9, 18 416:3 419:22 420:22 424:7 435:10 436:22 438:18 440:2. 17 442:3 447:6,10,19 449:7 450:6,11,13 451:7,10,22,23 452:4 456:3,13,22 457:5 458:9 459:10,13,16 465:24 468:25 469:6 470:9 473:6,19 476:4,16,24 477:12, 15,17 478:3

correctly 320:7 335:12 404:7,22 411:2 414:15

correspondence 471:20

cost 385:11

costs 333:7 334:5 337:21 338:5,8

counsel 288:19 289:6,8,9 355:18

counsel's 353:25 354:16

counterparties

377:2

couple 300:14,18 349:19,20 350:2 421:16 428:15 445:3

court 288:9 303:14, 21,24 355:25 366:13 374:24 381:17 395:7 396:5,8 482:15,19

cover 480:23

crazy 415:8

create 291:7 330:17, 19 413:15

created 307:9,15 322:24 330:11 339:6

creatures 365:5

credit 291:17 411:4

creditors 452:24

crisis 292:12

culpa 406:16

cure 377:15 392:21 393:6

curing 377:11,12

current 321:14,18 329:5,12 340:25 405:18

curved 374:24

cut-and-paste 406:17

D

DAF 339:2,5 385:2,5, 19,22 386:5,18 387:6 388:13

date 288:7 310:15 311:10 324:9 325:21 428:24

dated 408:16 439:17 464:21

dates 369:9.10

Dave 352:10

David 300:17

D

Davor 317:22,25 445:2

day 290:5 336:18 352:16 386:15 410:23 435:12 452:15 479:10,19,22,

23 481:4 482:8,10

days 349:19,20

de 297:25 298:4,7,17 333:5,7,15 334:7,14 343:21,22 376:24 377:3 391:20 393:20 410:13 411:25 412:2 413:18 417:20 421:13 458:20

dealing 372:22

Deborah 288:14,18 291:25 303:22 349:17 350:5 351:5 381:4 383:21 388:9 390:18 425:8 428:22 445:5

debt 333:6 334:5 421:19 453:10,16

debtholders 453:13

debtor 367:22 374:21 428:8,10 443:15 444:15

debts 297:8,14 315:14,21 316:3,8 318:17,22 326:7,12, 17 327:10 328:7 332:20 333:2,23 340:5 343:6,18 344:6

December 371:11, 15 373:21 374:12,17, 21,25 395:14 397:3, 25 439:7,17 440:6, 16,21 445:22 446:5 453:23 459:2,9,12,16 461:20,21 463:3 464:3,5,21,25 465:13 466:16 467:21 468:14,25 469:12

decide 385:21 386:16 417:16 480:3

decided 297:3 386:8 420:24 451:12

deciding 417:25

decision 387:5,12, 13,19 388:6,12 429:17

declared 368:20

deed 416:15

deemed 426:16 427:3.12

deeply 453:12

default 368:21 377:8 391:20 392:20 393:5 412:23

defendant 362:23 404:17

defendants 289:7

defense 347:11,14 358:6,20 359:3,19,24 360:12,25 361:6,13 362:9 365:21 366:2, 7,14 367:5 368:14 370:8,15,22 378:17, 20 379:16,18,23 389:20 391:7 406:20 459:21,25 460:8 461:3,8,9

defenses 347:7 348:9 357:22 365:11 375:22 376:9,17 378:11 380:4 389:14 390:9 398:12 443:3 459:20 461:13

deficiently 471:16

definable 385:10

define 298:7,17 317:2 414:21

defined 317:18 411:11 419:12 426:23

defining 377:14

definition 416:23

definitively 340:10

Deitsch-perez

288:16,18 291:21 292:2 294:3,16,19,24 296:11,23 297:10 301:25 304:16 305:5, 25 309:15 311:5 315:16 317:21 318:5, 24 321:21 324:21 326:8,19 327:20 329:9 331:9 332:11 335:16 337:15 340:6 343:19 344:7 346:3 347:3,21,25 348:5,18 349:23 355:3,7,13

356:20 359:4 361:25 365:4 366:8.17.22 367:6 369:7,25 373:5 376:10,18 379:11 380:13,20,25 381:6 382:15 383:17 384:4, 9,22 385:17,24 386:20 387:8,14,18, 21 388:15 390:14,19, 21 394:3,10,17 395:12,18,22 396:3, 9,21 397:5,9 399:11, 19,21 400:3 401:11, 18 402:13,18 405:11 406:14 409:9,18,25 410:9 411:20 415:14, 25 423:21 425:14.23 426:17 428:5,21,23 429:8 430:25 432:13 433:11,16,19 434:8, 17 438:10 441:3,16 444:8,16 445:24 447:11 448:19,24 449:22 452:10 453:7, 24 455:19 456:4,10, 14 457:6,16,19 460:13 461:16,23 462:6,21 463:6,22 464:13 465:14,19,25 467:4 470:3,10 471:2 473:12 474:2,11,15 475:2,12 476:5,25 478:23 479:21 480:13,21,24 481:10 482:13,18

delegate 317:19

deluded 375:16

demand 333:19 348:12,15 368:15 414:10 439:8,11 440:7,9,17,23 441:6, 11 442:2 443:3 444:4 445:24 447:22 464:24 465:12,23 466:17 467:2,9,19 468:14,15 469:11 476:2,3,10,15,20 477:6,21,23 478:11

demanded 445:23 446:6,10 477:7

demanding 464:5

demands 468:24 469:5

Index: demonstrate..end

demonstrate 424:14 department 382:23. 24 383:2 411:12 417:23

depend 383:4

deposed 352:9,11, 19

deposition 288:5,20, 25 289:18.22 290:5 346:21 349:16 350:6, 16 351:8,11,14,18,21 352:4,7,14 353:2,3,8 363:7 376:19 386:23 399:5 400:4 408:12 444:19 454:24 479:14 482:21

depth 334:13

describe 291:13 332:24 410:12 456:17 461:12

describes 403:6 472:21

describing 429:3 432:8

deserve 344:3

detail 334:17 378:14 471:19

detailed 344:9

details 301:21 337:24 366:4

di 333:12

differentiate 333:24

diq 369:9

direct 329:23 337:21 338:7 341:18 371:17

directed 462:18 463:13,19 469:4

direction 463:21

directly 306:21 307:3 314:5,8,13 322:19 330:3

directors 431:22

disagree 324:11

disappeared 294:17

disclose 426:14

disclosed 412:15 426:21 427:9,13 430:24 432:11 433:3

disclosure 427:23 432:7,21,24 441:20 470:7

discovery 349:7,13 425:19,21 444:7,13

discuss 306:5 401:3 441:10,13 480:2

discussing 442:19

discussion 444:3

disrupt 400:4

distinguish 457:21

diversified 291:17

doctrine 365:17 370:17

document 309:12 310:7.21 313:20 317:6 320:18 345:4, 16 355:24 356:9,16, 18 357:5,9,13 363:10,16,20 364:11, 15,19,22 366:12,20 378:6,9 379:6,8 380:17 381:10 388:20 389:2,5,8,11 402:8 435:8 447:18 466:11 470:23 471:5

documentation

342:21 431:12,17,24

documents 320:19 334:18 348:7 352:24 367:23 370:5 425:11, 22.24.25 438:14

dog 387:15,16

dollar 386:3

dollars 391:22 393:10

Dondero 288:1,5,11, 19,22 289:1,15 290:1 291:1,23 292:1,3 293:1 294:1 295:1,3 296:1 297:1 298:1 299:1 300:1 301:1 302:1 303:1,17,20

304:1.11 305:1.9 306:1 307:1 308:1 309:1,20 310:1 311:1 312:1 313:1 314:1 315:1 316:1 317:1 318:1,11 319:1 320:1 321:1 322:1 323:1 324:1 325:1 326:1 327:1 328:1 329:1 330:1 331:1 332:1 333:1 334:1 335:1 336:1 337:1 338:1 339:1 340:1 341:1 342:1 343:1 344:1 345:1,7 346:1 347:1 348:1 349:1 350:1 351:1 352:1 353:1 354:1,24 355:1,17 359:1 360:1 361:1 362:1 363:1 364:1 365:1 366:1 367:1

356:1,14 357:1 358:1 368:1 369:1 370:1 371:1 372:1,10 373:1 374:1 375:1 376:1 377:1 378:1 379:1

380:1 381:1 382:1 383:1,22 384:1,6,7 385:1 386:1 387:1 388:1 389:1 390:1,5, 22 391:1 392:1 393:1 394:1 395:1,13 396:1

397:1 398:1,23 399:1 400:1,9 401:1,8 402:1,23 403:1 404:1,17 405:1

406:1,25 407:1 408:1 409:1 410:1 411:1 412:1 413:1 414:1

415:1 416:1 417:1 418:1 419:1 420:1 421:1 422:1 423:1

424:1,5 425:1,11 426:1,8 427:1 428:1

429:1 430:1 431:1 432:1 433:1 434:1

435:1 436:1 437:1

438:1 439:1 440:1 441:1,25 442:1 443:1

444:1,13,15 445:1 446:1 447:1 448:1

449:1 450:1 451:1 452:1 453:1 454:1.14

455:1 456:1 457:1

458:1 459:1 460:1 461:1 462:1 463:1

464:1 465:1 466:1 467:1 468:1 469:1 470:1 471:1 472:1,19 473:1 474:1,20 475:1 476:1 477:1 478:1 479:1,5,8 480:1,3 481:1,2 482:1

Dondero's 386:23 387:24 401:6 402:16

double-check 425:15

doubt 324:7 409:11

dozen 350:7 422:12 425:6 431:8

dozens 293:19,21

drafted 410:15

draw 452:12

driven 454:4

dropped 423:20

DSI 414:24

dual 321:23

due 297:24 316:14 327:4 344:13,21 358:22 359:15 360:2 366:15 371:20 372:5. 15 373:3 389:23 391:20 392:25 393:13,17,21 394:2 395:16 397:3 408:2 409:23 440:8 456:2, 12.21 457:4 458:8.20 460:11 461:14,21 462:4 463:5 479:20

Dugaboy 306:22 338:6 400:12,16,23 401:9,17 403:8,14,21 404:2 405:4 420:21 421:2,6 422:24 427:20 443:11,20 472:12,23 473:10,22 474:22,23 475:6 476:19 477:10,25

duly 288:12

duplicate 355:15

duties 297:6 303:2, 12 304:14 305:4.13. 15,23 328:12,14

Ε

earlier 320:24 324:12 367:18 379:19 406:8 415:10 436:24

early 337:2 356:9 374:11,17 467:21 468:13 469:12

easier 393:12

Eastern 398:16

effective 310:11 324:4

effectively 338:21 419:7

effort 424:13

efforts 382:5 424:18

eight-day 440:20

electronic 438:9,14, 18

electronically 439:2.3

Ellis 363:23 364:4

else's 454:11

email 353:9 445:17

emails 353:6

employed 308:17 319:15 322:2 383:12

employee 317:20 320:11 321:15,19,20, 24 329:5,13 340:16 341:2 398:5 422:6,22 458:21

employees 371:6 392:11 422:12 458:25 459:4,5,9 472:6

end 369:24 371:21 373:3,14 375:3,14 391:16,17 393:17 394:2,8,15 395:17 409:16,23 410:8 411:8 414:24 415:8 447:23 456:2.12.21 457:4 458:15 460:11 461:15 462:5,19,23

Index: ensure..forgiven

ensure 393:25

enter 452:19

entered 336:14 381:24 382:12 399:7, 15 400:22 401:16 403:11,14,20 404:25 405:4 407:10 472:11, 22 473:9,22 476:18 477:9,24

entering 400:11

enterprise 343:24 388:5

entire 431:21

entities 306:20 311:15,24 325:7,8 333:4,8 335:7,25 336:4,8,11,20 337:25 338:7 340:10 343:9 345:10 377:7 382:5, 25 384:19 385:16 406:6,24 407:13 423:3 426:15 458:21 472:2

entities' 407:4

entitled 414:7 480:17

entity 291:3 306:7,11 311:4 322:12 329:18 330:9 331:7 333:6 338:2 341:7,10,16 342:9 383:5 385:20 413:19 429:21 469:22

entity's 332:20

entrepreneurial 382:5

equal 360:7 448:7

equity 385:6 452:24 453:5

equity-ish 453:12

equivalent 360:21

error 406:17 471:24

established 405:15

estate 323:5 341:11 342:7 374:3 375:17, 18 385:8 392:12 468:6 **estimate** 290:21 296:8 350:14

estoppel 347:17 359:15 370:17

event 427:8

eventually 368:11 469:14

evidence 330:24 418:8

exact 406:21

EXAMINATION 289:13

examining 480:11

examples 425:6 431:9

exceeded 293:25

exchange 337:7 339:12

execute 330:21

executed 403:16,21 404:3,9 405:9 411:7 455:7

executive 316:21 317:18 327:23 413:4,

executives 325:6 413:20 424:25 425:2 431:10 432:19

exercise 302:13

exhibit 309:13 323:17 345:5,6 353:11,12 354:4,6, 22,23 357:20 362:13, 16 377:21,22 380:10, 11 402:9,23 408:8, 10,12,15 419:5,9 420:3,7 433:14,15, 18,23,24 436:4,5,13 437:12 439:15 445:25 446:7,15,16 447:18 448:3,8,14, 17,19,20,22 450:5,8, 17 456:7 464:10,11, 12,13,17,18 466:8,9, 11 472:14,17

exhibits 433:21 436:3 464:17

existence 323:7 330:8 342:3

exists 461:4

expect 479:4,17 480:9

expectation 392:15

expectations 303:7

expected 338:6 393:20

expenses 316:23 338:16

expert 292:18

expertly 334:21

experts 421:24

extended 375:8

extent 301:8 312:11 313:23 316:7 325:10 332:21 334:6 338:25 361:16 371:2 391:12, 13 396:17 427:13

eyes 471:17

F

facility 411:4

fact 368:4,7 376:18 387:24 421:9 430:21 463:4

facts 348:8 358:5,25 359:17 360:11,24 361:12 362:8 365:20 366:6 368:9 370:6,20 375:12,20 376:8,15 377:11,16 379:17,22 380:3 390:9,15 391:6 398:10

failed 318:20 319:5 328:5,12

failure 360:2

fair 290:20 293:2,14, 18,21,22 296:20 297:4 311:9 312:2,5 313:8,24 325:22 331:8 339:19 342:23 344:4 372:21 392:10 406:25 410:5 411:19

415:11,22 427:11 428:3 429:3 432:10 439:6 447:4,7 449:19 451:17,24 452:12 458:5 459:19 461:5 465:9,18 469:3 474:20 475:4,8 478:14 480:23

fairly 409:14 422:12

faith 360:20

fallen 316:9

falls 361:9.17

familiar 297:7 306:6 315:14 318:17 322:12 329:18 341:7 433:8

familiarize 297:14 298:21 315:21 316:2 318:22 326:6,17 327:10 328:7,13 332:19.25 344:5

familiarizing 333:22 340:4 343:5

family 314:12 321:8

fast 381:3

faster 361:19

fault 295:12 441:24

favor 296:3 447:2

features 417:8

fee 338:9 339:2

feel 290:3

feeling 289:3,17,21

fees 308:11 317:3 386:7

fide 373:8 418:18,19, 20 419:23 421:19 457:10

figure 429:17

file 363:15

filed 346:17 355:20, 24 356:2,5 362:14 366:12 374:20 416:15

filing 357:5 364:10

389:7

finally 360:15

financial 292:11 299:10,12 300:11 303:2 327:18 331:25 332:9 337:10 382:7 412:8,17 428:11 429:6,15 430:7,19,22 432:6,12 458:22 470:8

financials 299:25 300:20 340:9 343:13, 15 411:3 412:11 430:11 431:5,7 432:17,24 433:4 470:20

financing 451:25

financings 453:2

find 434:6

finding 471:9

fine 341:17 369:13 395:11

finish 290:15 340:24 479:4 482:7,10

finished 480:16

firing 315:5 325:24

firm 363:15

firms 334:12 389:23

fits 454:11

flip 436:2

focus 292:19 344:3 390:6 430:3

focusing 334:8 357:25 413:21 422:16

follow-up 388:8

footnoted 430:12

forcing 290:6

forgave 422:4 430:15 432:11

forgivable 404:20

forgive 421:20 427:3

forgiven 422:21

Index: forgiveness..hear

332:6.9.18 335:11.14

423:4,11 425:4 427:7,13,24 429:11 430:6,24 431:5 432:22,23,25 433:4 473:16

forgiveness 361:7 429:4,20 430:4 431:9,22 440:13 443:24 446:13 465:6, 7 467:25 474:5 475:20 476:12 477:6

forgiving 424:6,15 429:18 431:13

form 294:4 296:24 297:11 306:2 311:6 315:17 318:25 321:22 324:22 326:9, 20 327:20 329:10 331:10 340:7 343:19 344:8 361:25 366:9, 18,23 367:7 370:2 373:6 376:11 379:12 384:23 385:18.25 388:16 390:15 399:12,22 401:12,19 405:12 407:21 409:10,19 410:2,10 411:21 415:15 416:2 426:18 428:6 429:9 431:2 434:17 438:11 441:4 447:12 449:23 452:11 453:8,25 455:20 456:15 457:7 459:18 460:14 461:17.24 462:7.22 463:7,23 465:15,20 466:2 467:4 470:4,11 471:3 473:13 474:3, 12 475:13 476:25

formal 335:22,23 336:2 381:18 384:13

formally 382:18

formation 315:2

formats 291:19

found 291:6 392:18

founded 290:23

Frank 299:20 300:20 301:23 302:10 309:7 310:13 312:7 316:9 325:8 327:13 334:2, 22 335:10 336:18

338:4 340:8,14 343:10,11,16 397:24 398:7 415:3 436:16, 21 437:13,25 438:25 441:15 442:16 443:5 456:18 462:10 466:20 470:17

Frank's 299:18 300:10,14,25 437:23 438:3

frauds 327:25

fraudulent 360:17, 19

free 479:16

Friday 479:17 481:2, 8,19

friendly 413:13 417:21

frivolous 470:2

front 348:2 389:21

frozen 302:3

fulfill 318:21 319:5 328:5,12

fulfilled 302:25

full 431:19 479:19,22

function 333:25 334:19

functional 401:23

functions 459:6

fund 306:7 317:3,4 466:22 471:23

funds 308:6,8,10,16 309:4 312:23 320:19, 20 327:16 336:13

G

gained 385:11 game 474:13 gather 424:13 gave 382:2 392:20 394:20 395:2,21 413:25 430:13

440:20

geez 480:21

general 293:7 296:20,25 308:15 312:7 343:20 344:10, 17 364:7 376:24 403:7

generalize 384:24

generally 297:12 323:3,5 325:15 326:10,12 327:6 329:20 332:21,23,25 344:15 357:7 363:21 364:12,18 373:15 389:6 426:19 461:10 472:21

give 331:3 334:25 337:24 342:22 366:6 369:8,10 382:2 394:12,19 395:14 397:16 405:16 440:25 451:12

giving 399:25 422:22 423:13

glad 351:22

good 308:15 312:8 330:23 360:20 382:8 393:3 413:19 423:22

govern 472:5

grace 414:10 440:20, 25

grade 291:17

green 289:2

Gregory 322:6

grounds 312:18

group 299:18 300:4, 11,14,21,25 316:10 319:25 334:2,23 335:10 336:19 338:5

guarantee 417:8

guaranteed 416:16

guess 304:20 310:4 312:11 333:3 347:19 375:25 393:7 429:10 437:25 451:18 456:23,25 457:2,10, gulf 382:10

guys 346:23 432:2

Н

haggled 418:6,9

half 350:7 430:14 479:23

half-hour 380:19,21 398:17

hand 355:16

handle 363:23,25 382:24

Hang 355:7 402:18 428:21

happy 317:25 406:3 479:25

hard 355:18 356:22, 23 402:20 416:14 434:6 448:25 457:20

Harvard 385:4

hats 324:20

HCMF 331:24 332:3, 10 339:19,25 457:21

HCMFA 306:11,13, 19 307:4,6,8,14,19 308:2,17,18,22 309:2,8 310:10,14, 19,23 311:3 313:20 314:8,17 315:10,13, 20 316:13,18 317:9 318:15,22 320:22 321:9,16,20 322:7 333:10,17 336:23 339:22 404:10,11 405:13 457:9 465:24 466:3,4

HCMFA's 308:5 311:12 315:14,21 316:3,8 318:17 319:9,12,17,20 333:12

HCMLP 333:11,19 404:21

HCMS 288:20 329:17,21,24 330:3, 5,11 331:5,14,18

336:16 337:6.13 338:14 339:11,19 340:3,16 341:3 353:14,17,23,24 362:14 363:14 364:11 365:10,15 366:12,25 367:14,25 369:15,18,23 370:21 371:12,17,19,24 372:13,21 375:14 379:19 385:22 403:22,23 405:20,25 433:8,10,24 434:15 435:2,9,18,23 436:10,22 437:3,14, 16 439:8,18,25 440:7,20 441:5,11 442:8 443:2,10,19 445:23 446:9 447:21 451:2 452:7 453:6 457:3,14,17,21 461:8 465:11 473:5

HCMS' 340:5 363:3,7 443:2

HCMS's 330:8,15 333:2,23 353:18 372:2

HCRE 288:20 341:6, 8,16,19,24 342:2,16 343:7,13,15,18 354:8,9,14 378:4,21 381:11,22,23,25 382:13 383:3,5,11,15 384:7 385:9,21 386:3 404:3,5 405:19 406:2 447:21 448:2,5,11,16 449:13 450:9,15,21 451:2 452:7,17,18 453:2,5 455:7 456:5, 20 459:3,12 464:20 465:11 473:5

HCRE's 342:6 344:6 377:23

HCRE-TYPE 385:20

head 292:2 306:4 311:25 317:14,16 325:19 340:23 369:17,21 376:8

hear 289:15 303:14, 19 335:11 395:24 396:4,5,7,9,10,11,22

Index: heard..investor

heard 303:16 352:20 462:9

held 312:17,22 313:5, 18 314:12 320:14,16 325:11,17 465:2

helped 339:16

Hendrix 352:19

hereunder 414:14

Hey 380:13

HFAM 335:20 470:15

471:9,13,15 Highland 288:6 289:9 290:23 291:3, 7,14 292:5,15 293:16,20,25 294:10, 14,21 295:4,6,7,14, 21,23 296:3,9 297:3, 7,9,15,23 298:2,4,10, 20,22,25 299:4,22 300:8 301:3.9 302:12,18,24 303:12 304:14 305:4,12,14, 23 306:7 308:14 311:19,20 313:7,19 314:5,12,23 315:8 319:15 320:12 321:7, 8,15,19 322:8 325:2 327:5 329:5,13,18 335:15 336:11,16,24 337:7,8,12,22 338:2, 10,13 339:3,7,12,13, 16,17,20 341:2 344:13,22 356:2,5 358:15 360:6 362:23 367:2,11,15 371:7, 19,25 372:2,7,13,20 374:6,12,15 375:4,13 376:25 377:8,13,14 381:12,22,25 382:13, 14 383:12,15 384:8, 16 385:23 386:17 387:6 388:12 391:24 392:16 393:16 395:15 397:2 398:4, 5,9 400:14 404:5,11 405:21 408:4 412:2 415:5 419:11,22

420:2,12 421:14

424:6,15 426:21

431:13 432:11,24

429:6 430:7,10

422:4,20 423:12,18

433:10 434:15 435:3. 9,19 437:4,17 439:8 440:4,6,17,19,24 442:2,7 443:2,9,17, 18 445:23 446:6.10 447:2 448:6,12 450:10,16,22 452:3 453:4 456:17,18 457:24 458:4,16,23 460:23 461:4 462:3, 18 463:4,9,11,19,20 465:2 466:16,22 467:19 468:14 469:19 470:15.16 471:13,16,21,22 473:4,6 475:9 476:2, 15

Highland's 291:9 298:16 301:13 302:14 303:6 311:12 313:6 327:18 346:18 349:12 354:25 358:14 362:15 370:25 389:3 402:24 403:17,22 412:8,16 426:2,10 432:17 435:14 441:11 476:19.23

highlighted 306:4

highly 334:10 391:22 417:18,19

hired 297:3

historic 322:5 431:5,

historically 454:3

history 422:3

hold 294:16 329:6 355:14 423:18 481:9

holders 400:14,19 427:21

holding 392:5

holds 314:22 315:7

honorable 428:9

hope 335:8 348:23 351:24 396:15 445:13

hour 454:9.12

hours 290:13 349:20.

21 350:19.20 479:4.9 480:9 481:17

house 308:7 424:25

housed 308:6

hundred 391:21

hundreds 293:15 312:12

HVIN 469:15

idea 300:21 331:15 410:15,19 416:7 435:21

identified 310:14 324:2 348:16 353:24 459:19 461:2,7

identifies 317:8

identify 299:6 300:3 313:4,17 314:21 321:14,18 328:10 329:12 331:16 340:25 341:5 342:14 366:6 396:24 422:2, 18 471:5

illiquid 361:18

imagine 290:12 313:21 319:23 320:3 336:17.21 342:18 367:16,17 383:13

impact 476:22

imperfect 365:5

implying 475:16

important 423:15

importantly 440:12

improper 391:4

in-person 350:9,12

inaccuracy 378:18

inaccurate 357:10 364:15.19 378:9 379:6 389:12

inaudible 338:23

Inc.'s 362:24

incentive 361:18

incentives 361:17 421:21

include 297:7 318:16 420:24 427:2 432:7

included 354:13 412:8,12,16 414:18 415:13 430:10 432:17,19 470:7

includes 473:3

including 348:15 421:5 459:8,13,16

inclusive 350:16

income 322:3,4 343:24 386:19 387:7 388:14

incorporated 366:2 392:24

incumbency

309:23,25 310:10 311:8 313:13,14 320:23 323:19 331:19 340:12,20 342:11,20 398:6 436:25

incur 316:12,18

incurred 337:22

indefinitely 373:12

independent 385:19

indirect 329:23 341:19

indirectly 307:3 322:19 330:3

individual 345:8 351:3

industry 317:16 404:19,21

inform 326:12 443:9

information 344:20 378:13 414:25 424:14 427:18 470:13

informed 443:2

initial 419:15

inklina 413:14

inordinate 392:6

insignificant 424:20

installment 369:24 409:16,22 453:22 456:2,12,21 458:8 460:11 461:20

instruct 371:10 393:15 442:21 443:9 445:21 446:4 461:19

instructed 371:24 372:13 397:2

instruction 372:20 397:16

instructions 395:15

intended 325:20 418:19.20 473:23

intent 339:9 377:5,6

414:12 intention 418:14

482:10 intentionally 304:19

interacted 402:4

intercompany 422:5,17,20 423:4,11

interest 329:24 330:3 341:19.21 400:14 408:2 419:10 440:8 450:9 452:20 453:10

interests 306:18 307:4 453:5

interject 390:25

interjecting 445:4

interrelated 423:3

interrogatory 426:5

interrupt 422:14

investment 291:16 330:22 401:9

investments 330:21 339:17 342:7 361:19

investor 292:21 338:24 385:4

Index: investors..maker

investors 330:24 331:2

invite 396:19

involved 325:9 328:2 339:17 355:21 373:16 386:12 406:10 459:5

issue 306:5 332:22 335:7 360:8 399:9,17 400:24 405:5 410:22 423:15 424:10 433:9

issued 467:20 468:15

issues 333:7 348:16 386:9 468:2

item 430:16

J

James 288:5,11 404:17

January 291:10 450:23

JEFFRIES 472:15

Jim 302:3

John 291:21 317:21 335:17 347:21 369:8 376:18 380:13,14 386:20 387:22 390:21 395:23,24 396:3,6 397:5 406:16 445:3,9 457:19 478:23

Jonathan 322:6

judge 363:22 443:12, 17 480:18

judgment 305:17

July 420:13 428:18

iumps 390:2

iuncture 355:22

June 436:10 437:17

justification 347:17 365:18 370:7 389:16, 20

K

keeping 432:2

key 377:16

kind 335:3,6 366:5 384:19 414:14 425:3, 11 432:21

kinds 327:25

Klos 300:17 352:10

knew 311:9 313:24 325:20 334:6 336:19 391:23 392:18 439:11 440:11,12,16 442:12,13,17 451:16 454:2

knowing 294:5 299:2,21 300:6 301:2 316:7

knowledge 300:24 301:6 312:4 323:8 340:13 341:22 349:2, 14 351:16,20 367:22 368:24 373:20 397:15 410:11 420:15 437:8,9 438:6 457:5 465:17,22 466:6 468:13,20,24 469:5

knowledgeable 373:16

Kristin 352:18

L

L.P. 288:6 290:24 306:8 311:21 322:13 324:4 471:22,23

lag 301:25

lagging 478:24

Lamensdorf 322:6

largely 291:16 308:6 370:10 397:20

larger 460:22

largest 292:4

late 288:22 336:25 356:4 374:6

Lauren 320:9

law 335:21 389:23

lawsuit 403:17,22 404:4,11 433:9

lawsuits 399:9,17 400:25 405:5

lawyer 390:24 391:4

lawyers 312:6 350:23,25 365:5 383:6 406:10

layers 401:25

lays 475:20

learn 367:14,25 440:5

learned 312:17 368:6 442:23

leave 288:24 370:13 380:9,25

left 456:5

legal 383:2,7 410:18 473:14

legitimate 467:25 468:3 469:16

lengthy 356:18

lens 421:12

letter 412:14 426:24 439:16 441:6,12 442:7,11,13,22 443:3,13,17,25 444:4,6,9,15,17,24 445:16,18 464:3,20 465:4,23 466:18 467:2,6,10 472:4

letters 299:25 426:9 464:5 465:12 469:11

level 423:2

levels 317:20 404:19

liabilities 299:9 327:4

liability 412:20

lieu 361:8,16 416:15

life 427:19 470:24

likelihood 312:15

limited 413:16 417:7 427:18

limits 317:12

lines 331:4

liquidity 339:16

list 354:12 418:25 424:19,20 425:10,17, 18,20 426:4

listed 354:18 419:5 420:3 425:16 430:17 440:9 445:25 446:6 450:5 466:17

listen 372:11 468:11

listing 353:4

lists 344:20

litigation 289:9 356:7 414:19 441:7, 10 443:4,8,18 455:23

LLC 341:8,11

loan 365:23,25 416:18 421:19 422:5, 18,20 423:11 430:4, 5,15,23 431:9 435:2, 18,24

loaned 452:7

loans 298:22 299:3, 22 300:7 301:3,9 344:12 371:3,9 404:20 406:11 420:17 422:17 423:4 424:7,16 427:3,12 429:4,11,18,19,24 430:23 431:5,13,21 432:7,11,15,17,18 448:12 450:21 452:19,20,22,23 477:10 478:2,8,11,16

logical 377:6,9 391:18 413:20

long 301:20 380:18 397:17,18 427:5 434:5 479:19

longer 478:25

looked 340:19 396:23 431:4 439:10 455:11 464:2 **lot** 291:22 297:23 311:14 416:3 452:14 467:23 482:8

loud 414:9

love 428:25

low 312:15

lower 452:14,20

lunch 380:19,21 398:17

Lynn 363:22 443:12, 17

M

made 333:19 346:4 367:15,25 368:24 369:3,5,15,18 372:18 387:12,19 388:6,11 392:6 393:25 395:16 397:22 424:13,18 432:19 434:15 439:8 440:6,17 442:2 445:4 460:20 465:6 466:17 468:14 470:18 476:10 477:16

major- 307:2

majority 307:4 330:2 341:21 400:13,18 427:21

make 288:15 305:17. 18 341:14 357:14 358:12 364:23 371:11.13.18.25 372:14,21 375:13 377:16 379:10 387:5 393:7,10,16 394:7,15 395:15 397:2 400:15 409:15 410:8 411:17 429:17 440:21 441:17 445:22 446:5, 9 455:12,25 456:11, 19,20 457:3 458:7, 11,15,17 460:10 461:5,20 462:3,10, 11,19 463:3,4,11,19 465:7 466:25 476:15, 20 479:15 481:2

maker 295:22 296:2 414:9 429:21 437:14 467:3 474:24 475:10

Index: makers..Nexpoint

477:17

makers 451:7,25

makes 342:7

making 377:13 461:14 467:19

maliciously 304:20

man 383:22

manage 293:4 421:21

managed 308:9,16 325:13,18 327:16

management 288:6 290:24 292:5,18 294:11,22 295:4,14, 21,23 296:3,10 306:7 308:11 311:21 329:19 362:23 405:22 412:14 426:8, 13,23 431:21 434:15 457:24 458:4 466:22 471:22,23

manager 291:19 293:2 309:3 421:14

managers 309:5 322:5 421:21

manages 330:16

March 435:3

Mark 306:15 383:11

marked 345:4,6 353:12 354:6,23 362:16 377:22 380:11 402:23 408:10 433:15 446:16 464:12 466:9

market 339:5 384:16

marketed 330:18,20

marks 288:3

masked 422:9

material 332:22 344:2 365:22,24 368:4,7 369:2 412:7, 10 425:7 426:16,23 427:4,12 430:6,9 431:8,9

Matt 342:18

matter 288:5 293:7 296:20 350:18 467:15

matters 302:2

Mcgraner 342:18,23

mea 406:16

means 384:2 395:20 458:4

meant 332:3 456:7 474:4

mechanism 429:18

meet 350:11

meetings 350:16,22 351:2 481:5

members 425:2

memorized 347:23

memory 356:13

mentally 289:24

mentioned 335:10 367:18

met 349:17

Michael 322:6

mid 374:21

middle 374:24 404:15

migration 364:6

Mike's 387:14

million 294:2,8,11 296:15,18 298:12 377:3,4 391:25 392:5 393:4,12 405:17 407:22 408:18 412:4 413:5,11 419:17 420:12 421:16 429:24 430:14

mince 393:9

mind 324:13 392:21

mine 434:19

minimis 297:25 298:5,17 333:5,7,12, 15 334:7,14 343:21 376:25 377:3 391:21 393:20 410:13 411:25 412:3 413:18 417:20 421:13 458:20

minimus 298:7 343:22,23

minute 291:24

minutes 318:3 370:5 387:10 454:8

misleading 390:25

missed 425:9 456:24

missing 389:20

mistake 448:22

mistaken 397:10

Mitts 324:14

mixed 430:15

modest 382:6 385:11

modification 417:4 475:15,16,21

modified 357:14 364:22 379:9 473:10 474:8 476:21

modify 473:14,23

moment 357:16,25 359:11 364:20 366:4, 10 375:23 379:25 422:2 461:18

Monday 479:15

monetize 361:18

money 292:18,25 293:4 295:3,7,8,13 296:9 331:4 336:24 337:7,16 360:7 382:11 391:21 419:22 420:2,6 421:19 448:6 450:16 452:7,14 460:22

moneys 337:19 470:15

monitor 288:8

monthly 299:13

months 428:15

MORRIS 288:14 289:5,14 291:25 294:18 295:2 303:18, 22 304:4 305:8 309:11,17 317:24 323:17 337:17 345:3 346:5,8 347:24 348:4

349:25 353:10 354:4, 21 355:5,9 359:6 369:12 372:8 374:4

375:19 376:22 377:20 380:12,16,24

381:4,15 383:19 386:25 387:16 388:3

390:3,17,20 391:3 393:22 396:7 397:7

398:15 401:5 402:9,

15 403:3 405:14

406:18 408:7,11

414:4 423:23,25 425:8,17 426:7 432:3

433:13,18,20 434:9, 24 436:13,19 437:11

439:14 444:12,22

445:12,20 446:2,14,

20 448:17,21 454:13

456:6 462:14 464:9,

15 466:7,10 468:10

472:13,17 474:18

476:7 479:3,12,24

480:14,22,25 481:6, 12,15,22 482:3,16

. .

mortgages 452:25

motion 374:20,24 395:7

mouth 302:5

move 322:11 372:8 374:4 375:19 386:24

393:22 432:3 433:7 440:15 462:14

468:10

moved 364:3 468:22 470:15

moving 302:5 468:7

mucked 469:20

multiple 311:15,23 320:4,5 324:20 325:5,6,22 375:7,8 406:10

mute 395:22,23,24 396:2,14 481:11

mutual 308:6,7,9,16 317:3,4 336:12

myriad 335:2

Ν

names 299:14 342:22 425:19,20 426:4

Nancy 288:19 355:14

narrow 313:16

nature 308:5 323:3 330:15 342:5

nauseous 289:4

necessarily 413:7 475:21

necessity 376:20

needed 372:18

negotiate 417:13

negotiated 418:6,10

negotiating 411:23

negotiation 416:22 417:2.4

negotiations 417:2 451:22

netting 392:9,15

news 428:14

Nexbank 431:18 432:6,18,20

Nexpoint 322:11,12, 15,18,21,23 323:6, 10,15 324:3,9,15 326:2,4 327:7,16 328:6,13 329:6,14 335:20 336:23 339:22 341:11 346:2, 17 353:17 381:23 382:8 383:6 384:16 385:8 389:8 391:24 393:15,25 394:8,16 395:16 396:25 397:3, 13,16,22,25 398:8 403:16,17 405:18,25 407:17,21,24 408:4, 9,24 409:8,24 410:5, 7 411:18 419:11,20, 21,25 420:5,11,16 439:12 447:21 451:2

452:7,13,18 453:2,5

Index: Nexpoint's..paragraph

455:25 456:11,19 458:25 459:4,9,24,25 460:7 461:8 467:6,8 473:5

Nexpoint's 323:4 326:7,12,17,22 327:2,9,10 328:7,14, 18,22,25 329:8 345:20,24 346:14,20 347:2 348:8 349:3,12 388:22 389:2 412:3, 17

night 290:10

nods 292:2

nominal 386:4

non-payment 414:11

non-privileged 442:6

nonetheless 334:15

normal 316:22

note 306:5 349:3 368:16,18,19,22 369:23 371:12,21 372:2,16 397:3 407:17,21,25 408:16, 23 409:2,6 410:7,15 411:11,18 412:4,15 413:5,6,11,15,18,24 414:18 415:9,13 416:9,12,14,18,24 417:9,14,17 418:4, 17,18 419:4,8,20,23 420:6,20,25 421:5 434:3,14,22 435:14 438:18 440:14,23 446:25 447:5,8,16 448:8 449:12,15 450:3,18 451:12 455:6 457:10 467:2, 3,9 470:18 475:21

notebook 355:4 464:14

notes 293:12,15,19, 24 294:23 295:22 296:3,22 297:17,25 298:4,12 305:18 327:6 334:5 348:12, 15 353:5 356:6 358:7,8,9,16 359:10

360:8 364:7 367:4 368:15 373:8 376:24 377:12 391:13 399:9, 17 400:24 402:6 403:15,21 404:3,9 405:5,9,10,17 408:3 410:22 411:7 414:23, 25 415:4.18.21.23 416:21 417:12,20,21 418:9,13,16,19,20,25 419:5,12,16 427:24 433:9 439:9 440:9 442:3 443:10.19 445:23,24 446:11,18 447:17,23 448:7 449:4 450:4,10,25 451:3,6,9,16,19,21, 25 452:3,9 453:11, 19,21,22 455:3 457:9 461:22 462:4,18 463:2,12 464:6 465:2 466:17 467:20 468:15 469:16 470:8, 18,22 472:24 473:3, 5,11,18,25 474:21 475:5,9,11,16,19 476:2,6,14,23 477:7, 11,14,15,16,20,21,24 478:3,9,11,17

notice 353:14,18 354:7,13 363:7 367:3 375:4 377:8 414:11, 12,13 443:19 480:19

noticed 406:15

notices 345:2 353:3 414:13 464:24

notion 423:16

notwithstanding 375:12 379:16

November 375:4

nuance 478:5

number 298:14,21 299:3 362:17,18 408:8,12,13,15 464:4

numbers 392:20 425:3

numerous 365:25 368:25

0

object 296:23 297:10 305:25 311:5 315:16 318:24 321:21 326:8, 19 329:9 331:9 340:6 344:7 366:8,17,22 367:6 369:25 373:5 376:10 379:11 384:2, 22 385:17,24 388:15 390:14 399:11,19,21, 22 401:11,18 405:11 409:9,18,25 410:9 411:20 415:14,25 426:17 429:8 430:25 432:13 438:10 441:3. 20 445:11 447:11 449:22 452:10 453:7, 24 455:19 456:4,14 457:6 460:13 461:16, 23 462:6,21 463:6,22 465:14,19,25 467:4 470:3,10 471:2 473:12 474:2,11 475:12,13 476:25

objected 312:18

objecting 409:12 445:6

objection 294:3 324:21 327:20 343:19 347:4 348:25 361:25 387:8 428:5 434:17

objections 346:4 348:19 353:25 354:17 383:21

obligation 371:20 426:13

obligations 294:14, 21 295:20 297:8,15, 23 315:15,22 316:3, 8,12,19 318:17 326:7,13,18 327:3,11 328:8,15 332:20 333:2,11,15,18,23 334:4,13 340:5 343:6,18,22 344:6,12 366:15 367:4 377:2 469:19 470:2 473:24 474:10,24 475:11

obligors 356:6

418:13,14 459:20 460:10 461:3,13 462:17 463:2,14,18

obligors' 458:13,14 469:10

obtained 312:3 374:16 435:18 448:12 450:22

obtaining 452:19

occurred 368:13

October 288:7 374:8

odd 422:25

odds 413:15

offense 432:4

officer 303:2 310:4 312:8 320:22 321:16 329:6,14 331:13,17, 25 332:9 340:16 341:3 342:15

officers 311:14 459:8,12,14,15

offline 480:2

Okada 306:15,22

omission 406:22

omitted 405:25 406:7,12 407:3,5

operating 299:13 316:20,23 343:23

opinion 447:14

oral 336:15 337:4
361:22 399:7,15
400:10,22 401:4,16
403:7,10,13,19,25
404:8 406:20 407:10
420:21 443:10,20
472:11,21 473:8,21
474:22 475:6 476:18,
22 477:8,24 478:7,
10,15

orchestrate 314:19,

orchestrated 327:14

order 374:13,16

ordinary 372:23

original 356:2 407:21 473:11,18,24 475:4.8

out-of-pocket 338:8,16

outline 480:20

outstanding 295:17 407:25 419:10 440:7 447:22 450:9

overcharged 391:24

overlay 343:20

overpayment 392:4

overstatement

460:17

owe 294:10 296:9 426:3

owed 297:8,15 375:14 419:11,22 450:10 460:23

owing 327:4 344:21 366:16

ownership 306:18 307:4,21,24 317:18 329:24 341:19

owns 306:13 322:18

Р

p.m. 381:9 398:20 454:17 482:21

pages 435:21

paid 338:8 373:13 392:16 418:21,22 460:20 462:11

paper 338:22

paragraph 357:17 358:19 359:12,13,23 360:13,16 361:14 362:9 365:2,15 370:8,14 378:20 379:14,24 390:4 403:4,6 404:14 407:14 409:13,20 412:23 414:6,7,17 421:10 422:8 423:10 455:11,14,18 472:14, 18,21

Index: paragraphs..private

paragraphs 357:20 365:10 375:22 380:2 390:7,10,16 398:12 416:9

paraphrase 394:23

parsed 471:25

part 334:19 337:4 340:8 358:22 359:15 360:2,18 365:17 370:17 412:10 414:19 418:21 423:4 427:20 443:23 444:2 454:4 456:8 468:3

participate 289:24 350:21,25

particularized 468:24

parties 297:24 339:6 413:14 415:4 418:7

parties' 473:10,23 474:9.23

partly 389:23 454:4

partner 361:6

Partners 341:8,11 455:7 464:21

party 452:2,6

passed 338:5

passing 363:22

past 296:6 338:20

patient 372:10 383:20

Patrick 301:15 383:11

pay 336:23 337:6 338:7 366:14 367:4 369:23 383:15 384:7 385:22 393:5,12,18, 19 419:7

payee 295:24 422:21 466:25 474:25 476:2 477:16

payees' 475:10

paying 339:2

payment 337:13 371:11,19,25 372:14,

21 373:3,11 375:13 391:16,20 393:16,25 394:8,15 395:16 397:2 409:16,23 414:11 439:9 440:7, 21 442:3 453:22 456:2,12,19,21 457:4 458:8,17 460:11,17 461:5,14 464:5 468:15 475:18 476:3, 16

payments 369:24 373:18 377:13 410:8 445:22 446:5,10 454:3 458:15 460:16 461:21 462:3,19 463:4,11,20 469:18

peak 292:3

people 293:5 299:6, 8,15,18 300:10,13,14 303:18 342:19 407:9 416:10,11 421:12 424:23,24 426:15 458:22 459:7 470:16, 18

people's 424:21 perceived 396:16

perceives 396:18 **percent** 298:13,16

percentage 306:17

percentages 306:23

Perfect 402:12 482:12

performance 385:9 416:16

performed 471:16 472:7

period 293:16 307:18,25 330:8 367:20 401:13,15 420:13 421:17 440:20.25 479:18

periodic 454:3

periods 304:21

permissible 386:22 387:23

person 300:4,17,18

311:3 315:12,20 316:24 331:16 332:17 333:16 364:8 371:17,18 373:19 388:5 393:15 396:24 397:15 410:4 443:5 458:22

personal 358:8,9 386:23 387:24 480:4

personally 297:3 301:7 324:2 327:17 363:19 371:10 393:24 405:6 417:16

personnel 372:7

perspective 333:13 334:3 377:7 405:17 473:21

petition 311:10 324:9 325:21

Phillips 364:5

phone 350:2,9,17,22 351:2

phrase 347:15

physically 289:23

pick 476:20

picked 335:8

pile 362:13

PJ 434:10

place 476:9

plaintiff 289:8

plaintiff's 355:19 358:21 359:14,25 365:16 370:16

plan 468:8

play 474:13

players 472:2

pleasure 381:4

point 288:25 290:22 309:8 318:2 320:15 377:19 406:19 427:7, 24 433:5 468:7

points 416:9

policy 317:6

portfolio 308:10,16 309:3,5 322:5 361:21

portion 303:16 308:15 351:10

position 298:3 311:23 312:16 313:17 314:11,21 320:14 321:7 325:25 329:6 367:9 403:10 407:9

positions 297:5 312:22 315:6 316:21 320:17

possibly 423:3

post 309:17

pot 468:8

potential 330:23

practice 317:17 404:20 423:16,17 424:6,15,22 429:4 430:4 431:13

practices 411:13

precedence 477:5

precedent 429:12,16 477:5

precipitate 314:25

premarked 309:13

prepaid 366:15 391:13 406:11 418:22 461:9

preparation 328:2 350:5 353:7

prepare 349:16

prepared 299:12 334:16 338:3 346:25 347:20 348:6,14,22 349:11 354:17 356:9 363:9 376:6

preparing 299:10 320:4 340:9 350:15 363:20

prepay 389:17

prepayment 366:21 367:5,15,22 368:2, 10,15,24 370:10 378:12,16,20 379:18

459:22.25 460:8

prepayments 365:23,25 367:13 369:2,15,19 378:15,

prepays 389:19 392:24,25

presence 384:15

present 431:24 476:11

presentation 431:4

presentment 414:10

president 291:10,15 292:6,14 293:16,20, 25 297:6 298:19 302:12,23,24 303:13 304:15,22 305:2,11, 24 308:21 309:6 313:6 315:10 323:12 325:2 326:4 332:17 337:12 338:13 422:3, 19 423:12 469:21

presidents 317:18

pretty 460:24

previously 319:15 408:3

Price 337:23

Pricewaterhouseco opers 469:25 470:5, 6.19

primarily 322:7 339:14 368:18,19 383:10 440:3

principal 293:23 295:17 360:7 407:22 408:2 419:10,16 440:8 450:9

prior 300:5,15 302:20 307:21 311:10 315:23 324:9 325:20 389:14 391:9 418:25 419:11,16 420:6 423:16,17 424:15 441:6,9 442:10 443:3,7 448:7 450:10 463:16 477:19

private 421:18,22

Index: privileged..relative

privileged 441:18

problem 302:7 381:5 384:3 454:13

proceed 289:22 291:25 398:25 454:20

proceeds 348:20 349:3 420:16 435:23 448:11 450:21

produced 367:23 425:13 428:10,17 444:6,12,17 445:18

product 451:21

production 428:16

profit 338:9

promissory 293:11, 12,15,19,24 294:23 295:22 296:2,22 408:3,16 411:18 413:11 419:5 434:3, 14,22 446:25 447:17 450:4,18 464:6 467:20 470:8 472:23 473:3,5,11,24 474:21 475:5,9 476:23 477:11,14,15 478:2,9

proper 412:11

properly 412:12

proportionate 424:21

protections 413:17

protest 414:11,12

provide 383:3 386:17 387:6 404:16 421:7

provided 337:8 339:11,16,20,21 353:2 385:12 386:4 429:7

providing 336:6 422:5

provision 382:14 415:12,24 447:8 449:19 455:18

provisions 440:14 449:25

prudent 413:4

pulling 449:2

purchasing 317:4

purpose 298:8 377:10 401:3 404:15, 24 405:3,8,24 406:7, 23 407:3,9,11 421:4 422:5 423:12 430:22

purposes 416:6 422:21 424:25

pursuant 356:4

put 290:18 309:12,18 320:25 323:17 342:13 345:3 348:2 353:10 354:4,22 355:11 367:2 378:10 379:4 391:20 401:5 408:7 416:5,7,10 418:14 427:18 433:14,22 448:3 466:7 470:20 476:9 481:10

putting 343:12,14 354:24 355:10 443:18 472:14 480:19

Pwc 412:16

Q

qualified 346:3

quarterly 299:11

question 294:25 295:11.25 302:10 304:10.24 305:21 306:2 332:2 335:18 357:2 358:11 372:11 376:13,22 381:16 383:25 387:2,3 388:2,9,16 391:6,14 393:23 395:6,8,9 397:8 398:7 405:7 417:10 422:15,25 423:7 424:2 441:22 442:15 457:14.15 460:25 467:17 468:12 477:2 478:6. 13

questions 335:4,6

346:25 353:22 363:2, 9 375:25 376:3,6,21 378:2 388:21 390:22, 24 480:16

quick 317:23 380:14

quickly 344:25 345:15 377:12

quote 359:25 360:3 365:16 370:16 404:15

R

raise 382:10

rambling 387:10

rate 475:18

rates 452:14,20

rationale 471:10

read 293:8 296:21 358:2,10 361:2 381:15 397:9,10,12 404:22 409:2,11 410:3 413:6,10,24 414:9,15 415:24 424:2,3 430:21 447:5 449:15,18 455:13 475:2

reading 310:3 411:23

ready 454:20

real 323:5 341:11 342:7 385:8 391:14

realize 468:6

reason 303:10 304:12 305:2,12 318:19 319:4 324:7, 10 328:4,11 391:18 410:25 411:14,15,16 413:20 434:20 436:7 437:6 447:6 452:5 453:3

reasonable 392:10 404:18 411:19 413:24

reasons 388:16 413:25 458:14 460:9 468:21 recall 292:8 298:24 302:17 303:4 310:25 312:20,25 313:21 320:14,21 326:15,16, 21,25 330:11 337:11, 18 355:18 356:2 357:3 363:6 368:23 371:22 373:21 374:11,15,19,23 375:3 407:20,24 409:5 410:6,21 424:9 425:10,21 437:3 446:3 465:4

receive 338:14 344:19 435:2

received 322:3 337:13 383:16 435:9 464:4,24

receiving 386:18 387:7 388:13 425:22 442:14

recess 304:7 318:8 381:9 398:20 454:17

recollect 442:16

recollection 309:14 310:17,21 311:17 324:2,17 338:12 349:6 352:25 355:24 356:8 386:2 411:6 420:10 435:17,22 440:2 442:14,19 443:16 444:14 448:5, 10 450:20 455:5 464:23 467:16,19

recommended 301:15

reconvene 289:3

record 304:3,5,8,11, 25 318:6,9 330:20,25 338:18,22 339:4 381:7,14 382:10 384:15 385:5 397:12 398:19,21 399:24 424:3 454:16,18 479:13 481:14 482:17,20

records 298:23 330:17 367:8,12 397:14,19 431:20,25

recover 358:16

redaction 428:12

reestablish 419:8

refer 291:2 306:10 322:15 329:21 340:14 341:15 400:9

referenced 337:5

referred 445:17

referring 297:16 371:4

refine 330:22

reflect 477:16

reflected 294:22 295:21 313:20 327:3 334:15 420:6 477:11

refresh 309:14 310:17 323:25 339:18 349:5 352:25 355:23 356:8 439:12 455:5 464:23

refreshed 331:21 332:16 341:4 342:11, 17 420:14,18

regard 386:5 402:5 407:7 443:13,25

regular 344:9 373:11 460:16

regularly 299:17

regulatory 327:15 335:21 411:14 416:6 469:18 471:10

regulatory-wise 418:3

reimbursement 338:15

relate 361:20 375:21 376:8,16 379:23 380:3 398:11 478:7

related 323:5 366:6 382:4 390:11 398:4 415:4 477:10,13,25 478:15

relative 333:5,7 343:23 376:25 413:18 430:18 453:16

Index: relevant..services

relevant 412:3

reliance 370:25 372:5 463:8

relied 372:22,23 375:13 383:9 393:4,5

relocate 430:14

relocation 424:24

rely 428:2.7.8

relying 367:10 371:7 398:8 458:16

remains 401:21

remember 301:21 307:20,21 308:12,13 309:10 311:14 312:14 320:17 323:2 330:13 358:10 361:5, 8 368:6 375:9 389:14 407:18 409:12 410:25 411:5,22 441:14 443:14,15 464:4 465:8 467:22 468:5

remembered 415:9

remind 460:5

remotely 480:10

remuneration

337:10 382:8 384:13 385:14

render 388:12

rendered 337:14 339:13 384:8 385:23

renegotiation

416:20

rep 299:25

repaying 418:15

repeat 294:24 295:25 302:10 387:3 391:8 394:5 399:13 441:22 472:16

repetitive 335:9

rephrase 295:10 399:13

report 314:5,8,13

reporter 288:9

303:14,21,24 381:17 396:5,8 482:15,19

reports 299:13

represent 351:3 353:16

representation 412:14 426:9,14,24

representative

345:21,25 354:9 378:3 388:22 400:12, 13 463:13

repudiation 365:18 370:7

reputable 334:12

request 317:22 372:25 397:23

requests 349:8.13

required 369:23 385:22 409:15 410:7 411:11 440:24 453:22 454:2

resign 374:5,8

resolution 468:8

resolve 375:17

respect 319:16 325:3 335:7 343:17 348:15, 20 353:24 464:25 472:23 477:23 479:20

respectful 351:25

respective 451:7

respond 441:11 442:8,22 469:4

responded 441:6 465:11 469:9

responding 465:23

respons 328:14

response 305:21 425:21 444:3 469:17

responses 425:19

responsibilities

299:15 318:16,21,23 328:6 398:4 responsibility

299:2,20 300:6 301:2 315:13 319:6 326:6 327:9 332:19 333:22 340:4 343:2,5,17 364:9

responsible 299:7,8 300:11 316:6 327:18, 21 471:24

responsive 422:15

rest 290:17 482:9

restate 457:14

restraining 374:13,

restroom 317:23 380:15.23

results 330:23

retail 312:22

return 386:19 387:7 388:14 398:17

revenue 339:6,20,21

review 344:12 346:20 351:7 354:12 389:5 447:13 450:2

reviewed 357:4 429:5

reviewing 355:19 363:20

ridiculous 377:17

rights 473:10,23 474:10,23 475:10 476:23

road 339:7

role 314:2 327:12 343:11 363:19

roles 311:15 325:22 373:12

roll 337:25

roll-ups 477:18

rollup 407:25

room 309:18 355:11

rough 482:14

roughly 375:2

row 318:3

RUKAVINA 445:2,14

rules 386:6,7

run 319:24 380:22

running 324:13

S

safe 445:13

satisfaction 371:19 372:14

satisfied 373:18 429:13,16

satisfy 333:18

scope 300:7 301:9 316:7 317:8 387:22 405:15

screen 353:19 354:19,25 355:10 381:2 388:20 389:2 401:6 402:7,17,22 433:22,25 434:6

screw-up 370:25 371:2,4

scroll 434:9

sec 291:22 471:8,17, 21,25

secrecy 427:23

secretary 321:9

section 409:14 412:22.25

secured 416:13,15 452:25 453:13,16

Seery 352:6,8 373:23,24,25 375:16 391:23 392:9 414:24 439:17 468:6

Seery's 352:7

sees 302:6

selection 301:16

send 467:2

senior 297:5 300:10, 14,17,18 312:8 316:20 325:5 327:23

424:25 431:21 432:19 452:25 453:13.16

sense 341:14 392:7 466:25

sentence 405:24

separate 331:3 333:24 385:20 457:9 480:5

separately 430:17

September 355:25 356:10 357:6 374:6

series 455:3

serve 291:9 309:7 323:15 325:21 331:24

served 302:24 303:13 304:15 305:24 310:18,23 311:19 313:6 320:22 321:15 324:8,25 325:3 329:13 331:13, 17,22 332:8 341:2 342:15

server 426:2

service 333:6 334:5 343:22

serviced 336:3

services 294:11,22 295:4,7,9,14,21,23 296:4,10 329:19 331:20 332:4,14 335:15,17,22,23 336:2,5,7,9,10,15,24 337:7,13 338:4,6,15 339:3,9,12,15,22 340:11,20 362:24 367:11 371:6,7 372:7 375:5 381:11 382:14 383:3.9.16 384:8 385:12,23 386:2,4, 10,18 387:6 388:13 392:6 405:19.21 417:22 433:12 437:14 457:23,24,25 458:3,5,7,23 459:4, 15 460:6,7 466:3 467:6,13 471:15

472:5

Index: servicing..subject

servicing 413:17

serving 311:11 313:25

set 291:22 319:23 360:12 365:11 390:9 393:6 398:12 419:9 420:7 447:18 448:7 450:8,17 452:8 455:18 474:23 475:10

settlement 444:2 468:4 471:7.11.12

seven-figure 425:3

seven-figure-plus 431:20

share 359:2,17 362:7 368:10,21

shared 335:14,17,22, 23 336:2,5,9,10,15, 24 339:3,22 367:11 371:7 375:5 381:11 383:8 392:5 417:22 458:23 472:5

She'll 428:22

sheet 298:9 299:4,23 300:8 301:10 326:23 327:3,7 412:2 432:16

sheets 293:8 301:4 413:19

shocked 412:19

shoot 290:13

short 318:4 380:19, 21 386:11 387:10 397:17 398:16

shorter 291:23

show 330:23 347:22 406:4 415:17 429:15 431:20

side 308:10 450:5

sides 413:21

sign 299:24 312:12 327:24 408:23 426:8, 13 434:22 436:9 449:12 451:5

sign-offs 320:5

signatories 319:12 328:18

signatory 319:9,16, 20 328:22,25 329:7 438:2

signature 310:4,6 323:23 408:20 418:15 434:11,13 435:7 436:5,8,14 437:23 438:4,5,9,14, 18 446:21,22 449:10

signatures 320:4

signed 293:11,14,18, 24 310:11 358:16 409:3,7,22 410:6,22 412:14 414:18 415:13,23 416:22 417:12 418:12 419:19,21 435:7,12 437:13 438:25 446:25 447:5,9 449:6,16,21 451:2 453:20 455:14 473:3, 6 476:6,15

significance 316:25 317:2 460:18

significant 382:9 422:13 425:6

significantly 391:14

signing 413:5 437:24,25 438:22 439:5

similar 336:7 339:21 342:12 378:11

similarly 336:3

simple 348:25 391:6 393:23 395:8,9 400:16 441:23 460:25

simultaneously

301:18 311:11 321:20 384:5

single 353:9 414:18 428:11 458:21

sir 295:11 323:20 324:24 335:18 345:17 346:11 377:24 381:11 387:19 394:14 396:24 402:17 408:15 422:14 428:11 429:3 432:5 433:22 434:4,11 436:5 439:22 446:22 449:10 450:13 454:20 460:25

464:19 481:24

sister 351:21 361:22 399:8,16,25 400:9,17 401:8 403:12 404:8, 25 431:18

sit 300:24 301:7 304:13 318:20 319:4 357:8 445:10

situation 469:20

sixth 397:6

skip 357:24 359:21

Skyview 315:2

small 372:6 386:4 392:2 393:10,20 430:18 460:19

soft 413:15 415:9 416:9,12,18,24 417:8,21 418:17 452:22,23 453:11,19 475:17,19

sold 427:22

solidifying 411:10

solvent 417:19

sophisticated 292:21,25 383:22 390:23

sought 374:12 451:25

sounds 295:5 422:10 473:14

source 334:18

space 385:8

speak 303:23 399:3 453:12 454:22

speaker 303:25

speaking 301:18 303:15 383:21 384:5

specific 320:8 325:7 347:18 348:16

356:13 372:24,25 382:7 383:4 385:10, 14 438:6 456:24 467:15 468:20

specifically 312:14 316:5 317:7,12 326:14 344:20 349:4 364:17 372:17,18 373:7,15 382:18 393:18,19 412:15 430:12 434:23 435:16 437:5 470:6 471:21

specifics 369:16,20 375:25 410:12,13

speculating 300:9 430:20

speculative 427:6

spend 334:7 413:21

spent 350:15

split 322:9 472:5

spreadsheet 368:11 369:10

stack 353:2

staff 383:8 397:14

stamped 444:20,23

standard 404:20

standing 312:8 393:3

standpoint 418:3 421:13

start 365:13 424:4 472:13

started 307:22 364:4

starting 288:22

stated 388:17 407:13 419:17 471:21

statement 288:15 310:4 406:6,23 407:2 428:12 430:19

statements 299:10, 12 300:12 327:15,19, 24 338:4 366:5 412:8,17 429:6,15 430:8,22 432:7,12 470:9

states 359:13

statute 335:21

stay 371:8 394:25 481:13

steal 374:2 375:17

step 297:21

steps 316:2 344:11 393:24 462:2 463:3

stick 395:21

Stinson 288:18 363:15 364:3,6

Stoops 300:17

stop 289:2 356:21 441:17 474:18,19 479:6 480:15

strap 291:17

strategy 330:22

stream 339:6,20,21 386:18 387:7 388:13

strike 372:8 374:4 375:19 393:22 432:3 440:15 462:14 468:10.22

strong 324:15

struck 394:13 422:24

structural 335:3,6

structure 307:21 308:12

structured 314:10

structuring 312:7 373:9

struggle 316:15

study 327:7 333:9

studying 334:8

stuff 327:15 383:14 416:17

subject 332:2 347:3 348:18 353:25 354:16 361:21 403:16,22 404:4,10 416:20,22,25 417:3 420:20 429:20 440:13 443:10,19

Index: subordinated..trust

474:21 475:5 476:11 478:2,8,17

subordinated 452:25 453:10,12

subsequent 407:11 477:4

subsequently 425:4

subsidiaries 415:3 417:19

substance 318:12 399:4 454:23

substantial 479:18

substituted 419:4 447:16 450:3

suggested 391:19

suggesting 396:18

suing 457:2 473:4,6 475:9

summarized 368:12

summarizing 360:19

summary 313:15 459:18

superseded 419:4 447:17 450:4

supplemental 338:9

supplying 334:17

support 336:10 360:12 370:7 391:7 431:12

supported 382:4

supports 470:24

supposed 289:11 376:5 392:8 395:20 431:16 461:4

surprise 410:24 438:17

surprising 311:16

swear 288:9

switching 437:24

sworn 288:12

synergistic 384:20

systems 397:14

Т

taking 398:7

talk 303:8 304:21 305:18 328:3 366:3 414:20 475:17

talked 336:22 406:8 407:16 424:9

talking 337:16 359:10 383:17 390:5 401:14 421:24 429:23,24 441:14 442:16 443:14,15 456:5 474:18,19 477:21

tax 373:9 382:23,24 383:10 416:6

tax-related 383:14

team 308:16 327:14 340:8,15 343:12,16 417:7

telling 400:5 455:13

temporary 374:12, 16

tension 373:22,24,25

term 368:15,18,19,22 369:22 371:3,12,20 372:2,16 397:3 407:17,21,25 410:22 427:6 446:17 447:23 448:8 449:4 450:25 451:3,6,9,10,13,17, 25 452:8 453:21 455:3,6 461:22 462:4,18 463:2 467:9 473:15 475:15 477:20 478:11

termination 375:5

terms 338:18 373:10 375:16 382:20 384:15 386:7 392:10 403:7 411:18 413:6, 10 416:19 417:13,17 418:16 432:22,25 452:8 471:8

Terrestar 469:18,20

471:24

testified 288:12 351:14 352:16,22 370:9 379:15 441:25 462:8 472:20

testify 346:14 348:6, 14,22 349:11 354:8, 17

testifying 431:7 444:14

testimony 318:3,13 375:11 419:24 459:2 463:10 475:24

Thedford 320:9,11 321:14 329:15

thereof 310:5 431:22

thereunder 474:24

thing 324:13 336:12 362:3 389:25 426:2 436:24 452:17

things 292:19 304:20 312:10,12 313:11 317:4 322:8 327:25 359:14,25 360:16 373:9 403:6 428:7 435:11 445:3 468:2 469:19 470:16 471:12

thinking 340:17 375:16 402:3 459:3 461:18

thinks 351:25

third-party 330:24

Thomas 445:7

thought 388:4 413:23 467:25 468:3, 7 472:3

thousand 391:22

thousands 293:5

throw 290:9

Thursday 479:16 480:25 481:7,17,23 482:5

time 288:7 290:3,19 293:19 298:2 301:20 302:23 303:12

304:14,22,25 305:6, 453:4 454:9 479:5 23 307:15,18,25

309:8 313:5,18,24

329:14 330:8 334:7

337:12 338:12 341:3

342:16 344:19.20.23

359:9 361:2,3 367:19

378:14 379:2 387:25

389:24 390:13 392:9

396:17 397:6 398:16

406:15 411:4 413:5.

416:20 417:3 418:12,

438:9 439:25 440:11

442:6,14,17,18,20,22

393:14 395:4.10

399:23 401:13.15

9,21 415:6,23,24

14 419:21 424:12

449:21 453:20

482:2

454:14,15 466:23

470:13 472:9 476:4,

5,8,10,14,16 479:18

480:10,15 481:18,23

timeframe 371:14

times 338:20 339:15

349:22 350:4,8,11

356:15 375:8 383:23

420:2 421:20 450:16

title 308:18,25 313:4

323:10 325:11.16

titles 311:25 312:3

today 290:13 291:3

300:25 301:7 303:9

308:19 309:2 314:17,

323:11 328:5 331:5

342:14 345:8,20,24

354:8 357:8 364:15

378:9 379:6 389:11

22 415:12 445:5

395:5 401:21 414:20,

346:25 348:6 349:11

294:10 295:17

296:10 298:10

304:21 305:22

23 318:20 319:5

331:5 342:8

titled 362:22

325:6

318:7 320:12,15

324:25 326:18

346:21 350:15

353:21,22 358:11

today's 288:7 289:18 346:21 349:16 350:5 353:7

told 392:19 465:7

top 306:3 311:25 325:19 340:23 369:17,21

topic 347:6 348:11, 17 349:7

topics 346:9,10 353:16,17,24 354:13, 18 363:7 376:5 386:22

total 350:15 480:8

track 330:17,19,25 338:18,22,23 339:4 382:9 384:15 385:5

tracking 299:9

transcript 351:7 352:3,7

transfer 360:17,19

transferred 360:6

transition 363:22 392:11

travels 445:13

treasurer 309:8 310:14,18,23 311:4, 12 313:12,19 314:7, 16 316:18 317:9 318:15,21 323:15 324:3,8,17 325:25 327:9 328:6,13 343:10,11 397:24 436:21 439:25 466:21.22 467:3

treasury 333:25 416:4 417:22

treated 429:11

trick 358:14

trouble 393:11 394:22

true 453:15

trued 392:13

trust 289:9 401:10

Index: trustee..yells

427:19 443:21 **trustee** 400:13,16,23 401:9,17,21,23 402:5 403:8,15,21 404:2 405:4 420:21 421:2,6 422:24 427:20 443:11 472:12,23 473:10,22 474:23

476:19 477:10,25 **trustees** 402:2

trusts 306:23 401:25

Tuesday 479:14

typical 317:16 421:25

typically 463:24

U

UCC 416:15

Uh-huh 450:12

unable 290:20 479:7

unaudited 299:11

unaware 431:6 455:16

underpaid 404:18

understand 289:20, 25 293:8 296:21 301:8 335:18 345:7, 19,23 354:10 358:13, 17 370:24 378:4 383:25 386:13 388:25 390:22 404:7 409:7,21 415:12 426:12 435:8 447:9 449:20,25 457:13 476:4

understanding

299:21 300:7 301:2 306:17 316:7,11 330:14 343:17 347:10,13 403:5 410:6 419:3 426:20 440:24 478:5

understood 336:19 382:4,23

unfetterred 476:3

unified 384:19

unit 384:20 400:19

universe 311:19

unrelated 452:6

unsecured 416:18 451:19 453:16

up-and-comers 300:19

V

valuation 471:14,24

values 376:25

variety 291:19

verbal 336:5 381:19, 20

versa 308:14

versus 438:4 474:8

vest 385:4

vice 308:14 317:18

video 288:4,8 302:2 396:20 457:20

videotape 396:17

view 334:14 411:24

viewed 452:24 453:11

viewing 398:3

virtually 418:21

voice 302:4

Volume 288:4

volunteer 375:24

W

wait 355:17

waiver 347:17 358:22 414:7

waives 414:10

waiving 317:3

walk 406:3

walked 355:15

wanted 288:17

wanting 392:10

Waterhouse 301:12 302:18,25 303:5,11 304:13 305:3,13,22 309:7 310:13,18,24 311:4,11,18 312:17, 21 313:5,18,25 314:12,16,22 315:6

314:12,16,22 315. 316:17 318:20 319:19 321:11,13

323:14 324:3,8,20 325:2,21,25 327:8 328:5,12,24 329:15

331:13 337:23

351:14,17 397:24 436:17,21 437:13

438:8 439:21,24 456:18 466:12,20

Waterhouse's

317:8,12 318:16 351:7

ways 335:2

weather 288:23

Wednesday 479:16 480:25 481:5

week 290:5,17 351:17 367:2 462:9

479:10 481:20 well-capitalized

417:19

whatsoever 325:8

Wick 364:5

window 423:20

wires 320:5

withdrawn 307:2 315:11 321:12 324:23 331:23 340:2 341:6 343:3 367:24 403:12 405:2,7 475:7

withholding 414:25 432:5

witnesses 480:6,11

word 327:22 366:21 395:3,4 415:21 458:3 460:17 462:15

476:20

words 291:14 297:21 343:25 430:13 474:7

wore 324:20

work 300:20 322:7 338:4 378:20 382:6 383:11 384:20 410:18 454:10

worked 312:6 338:20 383:6 463:16

working 320:18 375:17 384:19

works 378:17 481:23

world 331:17 371:18 396:25 397:15,22

wrap 454:12

written 335:17 336:2, 4,9 381:19 382:21

wrong 402:8

Υ

Yankees 395:4,5

year 292:8 299:11 334:11 369:4,24 371:21 373:3,14,19 375:14 391:16,17 395:17 409:17,23 410:8 421:16 422:3 426:10 453:23 457:4 458:16 460:12 461:15 462:5,20,23

year-end 372:15 458:8 463:5,12

years 291:18 292:15 298:10,11 300:5,15 302:20 311:10 320:17 322:25 330:12 336:22 415:10 422:12,19 463:16

yell 396:13,15

yelled 396:19

yelling 396:11

yells 396:2



CLERK, U.S. BANKRUPTCY COURT
NORTHERN DISTRICT OF TEXAS

ENTERED

THE DATE OF ENTRY IS ON
THE COURT'S DOCKET

The following constitutes the ruling of the court and has the force and effect therein described.

Signed December 3, 2021

United States Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF TEXAS DALLAS DIVISION

In re:	Case No. 19-34054-sgj11
HIGHLAND CAPITAL MANAGEMENT, L.P.	
Reorganized Debtor.	Chapter 11
HIGHLAND CAPITAL MANAGEMENT, L.P.,	
Plaintiff.	
v.	Adversary No. 21-03003-sgj
JAMES D. DONDERO, NANCY DONDERO, AND THE DUGABOY INVESTMENT TRUST,	
Defendants.	
HIGHLAND CAPITAL MANAGEMENT, L.P.,	
Plaintiff.	
v.	Adversary No.: 21-03005-sgj
NEXPOINT ADVISORS, L.P., JAMES DONDERO, NANCY DONDERO, AND THE DUGABOY INVESTMENT TRUST,	
Defendants.	
HIGHLAND CAPITAL MANAGEMENT, L.P.,	
Plaintiff.	

v. HIGHLAND CAPITAL MANAGEMENT SERVICES, INC., JAMES DONDERO, NANCY DONDERO, AND THE DUGABOY INVESTMENT TRUST, Defendants.	Adversary No.: 21-03006-sgj
HIGHLAND CAPITAL MANAGEMENT, L.P., Pla intiff. v. HCRE PARTNERS, LLC (n/k/a NEXPOINT REAL ESTATE PARTNERS, LLC), JAMES DONDERO, NANCY DONDERO AND THE DUGABOY INVESTMENT TRUST, Defendants.	Adversary No.: 21-03007-sgj

MEMORANDUM OPINION AND ORDER DENYING ARBITRATION REQUEST AND RELATED RELIEF

I. Introduction and Background

The four above-referenced adversary proceedings, Adversary Proceeding Nos. 21-3003, 21-3005, 21-3006, and 21-3007, started out as what seemed like simple suits by a Chapter 11 Debtor to collect on large promissory notes owed to it (collectively, the "Note Adversary Proceedings"). The court held a hearing on November 9, 2021 ("Hearing") on various motions filed by certain defendants in the Note Adversary Proceedings. This Memorandum Opinion and Order addresses certain motions to compel arbitration and to stay these Note Adversary Proceedings while arbitration would be proceeding. ¹ For the reasons set forth below, the court will not compel arbitration or stay these Note Adversary Proceedings.

The Note Adversary Proceedings were originally brought many months ago by Plaintiff Highland Capital Management L.P., now a reorganized debtor ("Highland" or "Reorganized Debtor"), again, as simple suits on notes—that is, alleging breach of contract and seeking turnover of amounts owed from the various obligors under the notes (the "Note Obligor Defendants"). Each Note Obligor Defendant was closely related to Highland's former president, James Dondero ("Mr. Dondero),² and collectively borrowed tens of millions of dollars from Highland prepetition. The

¹ Certain defendants herein earlier filed a motion to withdraw the reference in these Note Adversary Proceedings (arguing that the claims were statutory noncore claims or that the bankruptcy court otherwise did not have Constitutional authority to enter final orders). The District Court accepted the bankruptcy court's report and recommendation that the reference should be withdrawn when these Note Adversary Proceedings are trial-ready with the bankruptcy court acting essentially in the position of a magistrate judge for the District Court prior to trial, presiding over all pretrial matters.

² In fact, Mr. Dondero personally was an obligor on three notes.

indebtedness was memorialized in a series of demand and term notes. The indebtedness represented by those notes remains unpaid.

The Note Adversary Proceedings morphed, so to speak, when the Note Obligor Defendants defended the Note Adversary Proceedings by alleging that an oral agreement existed such that the underlying notes would be forgiven by Highland as compensation to Highland's former president, Mr. Dondero, if certain conditions subsequent occurred. The oral agreement was allegedly made on behalf of Highland, acting through one of its largest limited partners, Dugaboy Investment Trust ("Dugaboy"), which is a family trust of Mr. Dondero, on which the trustee is his sister Nancy Dondero ("Ms. Dondero").

When this "oral agreement" defense was articulated, this court granted Highland's request for leave to amend its original complaints in each of the Note Adversary Proceedings to allege alternative theories of liability and add Mr. Dondero, Dugaboy, and Ms. Dondero as additional defendants on new counts—the theories being that, if such an oral agreement was made, it may have given rise other causes of action on the part of the actors involved. Highland amended its complaints in each of the Note Adversary Proceedings, adding new Counts III, IV, V, VI, and VII alleging, among other things, fraudulent transfers (Counts III and IV), declaratory judgment as to certain provisions of Highland's limited partnership agreement (Count V), breach of fiduciary duty (Count VI), and aiding and abetting breach of fiduciary duty (Count VII) (the "Amended Complaints").

Presently before the court are a set of virtually identical motions filed by Mr. Dondero, Dugaboy, and Ms. Dondero in each of the four Note Adversary Proceedings seeking to compel arbitration as to Counts V, VI, and VII of, and stay litigation altogether in, the Note Adversary Proceedings, pending the arbitration of Counts V, VI, and VII (the *Motion to Compel Arbitration and Stay Litigation* [Doc. 85, 66, 74, and 65, respectively, in each sequentially-numbered Note Adversary Proceeding⁴], the "Arbitration Motions"). Highland timely filed objections to the motions [Doc. 92, 76, 81, and 77] and replies were filed by Mr. Dondero, Dugaboy and Ms. Dondero [Doc. 107, 88, 93, and 88].⁵

As set forth below, Mr. Dondero, Dugaboy, and Ms. Dondero (hereinafter the "Dondero/Dugaboy Defendants") rely on a mandatory arbitration clause in Highland's Limited Partnership Agreement as the basis for their arbitration request. To be clear, there are no arbitration clauses in the underlying promissory notes. And the Note Obligor Defendants are not seeking arbitration of the breach of contract claims, turnover claims, or fraudulent transfer claims. It is

3

³ Mr. Dondero was actually a lready a Note Obligor Defendant in Adv. Proc. No. 21-3003, as he as an obligor on three notes

⁴ All subsequent "Doc." references in this Memorandum Opinion and Order follow this convention.

⁵ The court considered these replies despite the lateness of their filing, less than two business days before the Hearing. At the Hearing, Highland noted its displeasure with these replies being filed 37 days after Highland filed its objections but did expressly did not ask the court to strike the replies. The court reminds the parties, as Highland correctly pointed out, that the Local Civil Rules for the Northern District of Texas, and not the Local Bankruptcy Rules, apply to these adversary proceedings in all respects, since the reference to the Bankruptcy Court was withdrawn and this court is conducting all proceedings in the position of a magistrate judge for the District Court. The replies here were required to be filed no later than 14 days following the filing of Highland's objections. See Local Civil Rule 7.1(f).

only the Dondero/Dugaboy Defendants seeking arbitration as to Count V (seeking declaratory judgment as to provisions of the Highland limited partnership agreement) and Counts VI and VII (the fiduciary duty claims). The court denies the Arbitration Motions for the reasons stated below.

II. The Agreement Containing the Arbitration Clause

First, a word about what is and is not in dispute regarding the Arbitration Motions. The parties agree that Highland's *Fourth Amended and Restated Agreement of Limited Partnership* (the "LPA")⁶ contained Section 6.14, a typical mandatory arbitration provision that requires parties to the LPA to arbitrate certain disputes under certain circumstances (the "Arbitration Clause"):

In the event there is an unresolved legal dispute between the parties and/or any of their respective officers, directors, partners, employees, agents, affiliates or other representatives that involves legal rights or remedies arising from this Agreement, the parties agree to submit their dispute to binding arbitration under the authority of the Federal Arbitration Act ...

The Arbitration Clause also significantly limited discovery that could occur in arbitration:

The discovery process shall be limited to the following: Each side shall be permitted no more than (i) two party depositions of six hours each, each deposition to be taken pursuant to the Texas Rules of Civil Procedure; (ii) one non-party deposition of six hours; (iii) twenty-five interrogatories; (iv) twenty-five requests for admissions; (v) ten request for production (in response, the producing party shall not be obligated to produce in excess of 5,000 total pages of documents, including electronic documents); and (vi) one request for disclosure pursuant to the Texas Rules of Civil Procedure.

The parties further agree that the LPA, as an executory contract, was rejected under 11 U.S.C. § 365 in connection with the court's order confirming Highland's plan of reorganization in February 2021.

The Dondero/Dugaboy Defendants acknowledge that Counts I–IV of the Amended Complaints (Breach of Contract; Turnover; Fraudulent Transfers under 11 U.S.C. § 548; and Fraudulent Transfers under 11 U.S.C. § 544 and the Texas Uniform Fraudulent Transfer Act) are not subject to the Arbitration Clause.

The Dondero/Dugaboy Defendants argue in the Arbitration Motions, however, that Counts V, VI, and VII of the Amended Complaints (seeking a declaratory judgment as to provisions of LPA and claiming breach of fiduciary duty and aiding and abetting of breach of fiduciary duty—

_

⁶ The LPA was executed by Highland's then-general partner, Strand Advisors, Inc., through the individual James Dondero, who was also then Highland's CEO and Highland's majority limited partner, The Dugaboy Investment Trust, James Dondero's family trust, through its trustee, the individual Nancy Dondero, James Dondero's sister. (Various other limited partners also signed the LPA, but they are not Note Obligor Defendants.) The "oral a greement" defense alleges that The Dugaboy Investment Trust, through Nancy Dondero as trustee, as the holder of a Majority Interest (as defined in the LPA), entered into oral a greements on behalf of Highland with James Dondero to forgive the demand notes at the center of these Note Adversary Proceedings if certain conditions subsequent were met.

all counts that, notably, Highland only added after the Note Obligor Defendants articulated their "oral agreement" defense) *are* subject to the Arbitration Clause. Highland counters that: (a) the rejection of the LPA excuses Highland from being forced to submit to mandatory arbitration of Counts V, VI, and VII; (b) the Dondero/Dugaboy Defendants have waived the Arbitration Clause by not invoking it at any earlier point in these Note Adversary Proceedings; and (c) the Dondero/Dugaboy Defendants should be judicially estopped from invoking the Arbitration Clause now. Highland also argues that arbitration of some but not all the counts of the Amended Complaints would be inefficient and wasteful, and that any stay of proceedings in this court would do a disservice to the resolution of the admittedly non-arbitrable issues in Counts I–IV.

III. The Significance of the Rejection of the Executory Contract (i.e., the LPA) that Contained the Arbitration Clause

The court acknowledges that there is a wealth of federal case law dictating the strong federal policy undergirding the Federal Arbitration Act ("FAA"). See, e.g., Moses H. Cone Mem'l Hosp. v. Mercury Const. Corp., 460 U.S. 1, 24, 103 S. Ct. 927, 74 L. Ed. 2d 765 (1983) (describing the FAA as "a congressional declaration of a liberal federal policy favoring arbitration agreements"). The FAA was enacted by Congress in 1925 and became effective in 1926. It is codified at Title 9 of the United States Code and is predicated upon Congress's exercise of the Commerce Clause powers granted in the Constitution. The FAA contemplates the judiciary's respect for and enforcement of private parties' agreements to resolve disputes through arbitration. The FAA provides:

A written provision in ... a contract ... to settle by arbitration a controversy thereafter arising out of such contract ... shall be valid, irrevocable, and enforceable, save upon such grounds as exist at law or in equity for the revocation of any contract."⁷

Thus, arbitration, pursuant to the FAA, is entirely a matter of contract. And, where a contract contains a provision in which parties agreed to submit future disputes thereunder to arbitration, these provisions should be enforced according to their terms. Section 4 of the FAA specifically directs a court to order parties to arbitrate upon a request by a party that is entitled to demand arbitration in a written contract. The courts have often stated that the FAA reflects a liberal federal policy favoring arbitration and requires arbitration agreements to be rigorously enforced according to their terms. ⁸

The court also notes that some courts have grappled with whether a bankruptcy court needs to treat an arbitration provision in a contract any "less mandatory" than other courts. After all, bankruptcy cases are not like other lawsuits; they are multi-faceted, multi-party, and fast-moving. It has often been stated that the underlying purposes of the Bankruptcy Code are to: (a) provide debtors and creditors with orderly and effective administration of bankruptcy estates; and (b) centralize disputes over debtors' assets and obligations in one forum. But there is no "bankruptcy exception" to an arbitration agreement per se—not in any statute and not according

9 0.3.0. 9 2

⁷ 9 U.S.C. § 2.

⁸ See AT&T Mobility LLC v. Concepcion, 563 U.S. 333, 339 (2011) (citations omitted).

to any court so far. Some courts have opined or suggested that a bankruptcy court, when presiding over a proceeding involving "non-core" disputes pursuant to 28 U.S.C. § 157(b)—i.e., disputes that are merely related to a bankruptcy case and would have been litigated elsewhere but for the broad nexus created by the debtor's bankruptcy filing—generally must abstain from adjudication and direct the parties to arbitration when presented with an applicable arbitration provision. 9 But when a bankruptcy court is presented with a "core" dispute—i.e., one which derives from the provisions of the Bankruptcy Code—it may be permissible for the bankruptcy court to decline to order arbitration; after determining that "core" disputes are involved, courts tend to employ a framework for analysis derived from a nonbankruptcy Supreme Court case called *Shearson/Am*. Express, Inc. v. McMahon, 482 U.S. 220 (1987). In a nutshell, the McMahon Court held that a party seeking to avoid arbitration pursuant to an otherwise applicable agreement must show that Congress—in enacting whatever statute is involved (i.e., the Bankruptcy Code) intended to preclude arbitration and that intent must be deducible from: (1) the statute's text; (2) its legislative history; or (3) "an inherent conflict between arbitration and the statute's underlying purposes." 10 Thus, courts—after finding "core" disputes are involved—tend to plow down a complicated trail of considering whether there is an "inherent conflict" between arbitration and the Bankruptcy Code in whatever dispute happens to be before the court.

The Fifth Circuit has addressed the topic of enforceability of arbitration clauses in bankruptcy in the cases of *In re Gandy* and *In re Nat'l Gypsum*. ¹¹ In those cases, the Fifth Circuit instructed that a bankruptcy court may refuse to enforce arbitration clauses and may itself adjudicate a dispute when it finds that: (a) a matter is core or derives from rights under the Bankruptcy Code; *and* (b) enforcement of the arbitration provision would irreconcilably conflict with the purposes or goals of the Bankruptcy Code. ¹²

While this is all somewhat enlightening, a slightly different argument is presented to this court by Highland in its argument that the bankruptcy court should not compel arbitration. Highland does not deny the existence of any of the above case law nor the fact that Counts V, VI, and VII involve non-core matters that do not derive from rights under the Bankruptcy Code. Rather, Highland argues, these Note Adversary Proceedings present a circumstance that very few courts have addressed. *The LPA (or at least the Arbitration Clause) was an executory contract that Highland rejected in its confirmed Chapter 11 plan.* As noted above, no one disputes that the LPA was rejected pursuant to Bankruptcy Code section 365. The result, argues Highland, is

⁹ At least one court has suggested that there is a "presumption in favor of arbitration [that] usually trumps the lesser interest of bankruptcy courts in a djudicating non-core proceedings." *MBNA Am. Bank, N.A. v. Hill*, 436 F.3d 104, 108 (2d Cir. 2006). *But see Hays & Co. v. Merrill Lynch, Pierce, Fenner & Smith, Inc.*, 885 F.2d 1149, 1156-1158 (3d Cir. 1989) (determining there is no discretion to deny arbitration in non-core matters). *See also Gandy v. Gandy (In re Gandy)*, 299 F.3d 489, 496 (5th Cir. 2002) ("it is generally accepted that a bankruptcy court has no discretion to refuse to compel the arbitration of matters not involving 'core' bankruptcy proceedings under 28 U.S.C. § 157(b)"); *Ins. Co. of N. Am. v. NGC Settlement Trust & Asbestos Claims Mgmt. Corp. (In re Nat'l Gypsum Co.)*, 118 F.3d 1056 (5th Cir. 1997) (same).

¹⁰ McMahon, 482 U.S. at 227.

¹¹ Gandy, 299 F.3dat489; Nat'l Gypsum Co., 118 F.3d at 1056.

¹² In re Nat'l Gypsum Co., 118 F.3d at 1068-69.

that Highland is no longer bound by the LPA's provisions that impose *specific performance* obligations on it—provisions such as the Arbitration Clause. A counterparty to a rejected executory contract can merely seek monetary damages, Highland argues, but it cannot force a debtor to *perform* under a rejected executory contract.

Highland's argument finds support in a both lengthy and well-reasoned opinion by District Judge David Godbey of this District — *Janvey v. Alguire*, 2014 U.S. Dist. LEXIS 193394 (N.D. Tex. Jul. 20, 2014), *aff'd on different grounds* at 847 F.3d 231 (5th Cir. 2017), dealing with federal receiverships (in which the court made analogies to the bankruptcy process)—as well as in an old law review article written by renowned University of Texas Law School Professor Jay Westbrook (often considered the modern-day expert on executory contracts in bankruptcy). *See* Jay Westbrook, *The Coming Encounter: International Arbitration and Bankruptcy*, 67 UNIV. OF MINN. LAW SCHOOL 595 (1983).

The Janvey opinion arose in the context of a federal receivership commenced at the request of the Securities and Exchange Commission in response to the massive R. Allen Stanford Ponzi scheme. Ralph S. Janvey was the receiver ("Receiver") who took possession of all receivership assets and records. Pursuant to those powers, the Receiver filed suit against former employees (the "Employee Defendants") who previously worked in various capacities for the Stanford enterprises ("Stanford Entities") and received salary, commissions, bonuses, or later forgiven loans from the Stanford Entities. The Receiver's suit alleged that the Employee Defendants received fraudulent transfers in violation of the Texas Uniform Fraudulent Transfer Act (TUFTA) or, in the alternative, were unjustly enriched at the expense of the creditors of the Receivership Estate. Some of the Employee Defendants filed motions to compel arbitration. According to a later Fifth Circuit opinion, the arbitration agreements were contained in: (1) promissory notes between the Employee Defendants and the company that governed the upfront loan payments that the company awarded to the Employee Defendants when they joined Stanford; (2) the broker-dealer forms that the company submitted to the Financial Industry Regulation Authority (FINRA) when registering the Employee Defendants as brokers; (3) FINRA's internal rules governing disputes between brokers and their employers; and (4) the company's Performance Appreciation Rights plan. arbitration clauses provided that "any controversy arising out of or relating to this Note, or default on this Note, shall be submitted to and settled by arbitration pursuant to the constitution, bylaws, rules and regulations of the National Association of Securities Dealers (NASD)." Janvey v. Alguire, 847 F.3d 231, 237 (5th Cir. 2017).

The issue of whether arbitration was required went back and forth between Judge Godbey and the Fifth Circuit and, ultimately, the precise issue pending before Judge Godbey was whether to deny or grant the motions to compel arbitration based on the question of "whether the Receiver is bound by the arbitration clauses if he sues, as he must, on behalf of the Stanford Entities."

Judge Godbey declined to order arbitration because the Receiver had not adopted the arbitration agreements at issue and because arbitration of the Receiver's claims would frustrate a central purpose of federal equity receiverships. Judge Godbey noted that, before a general requirement to arbitrate exists, a party must first be bound to an arbitration agreement — either as a signatory or through a principle of law or equity. Judge Godbey stated that discussions of

possible exceptions to this general requirement to arbitrate, like *McMahon*'s contrary congressional command, *are only necessary after such an initial determination*. Judge Godbey opined that equity receivers, as non-signatories to an arbitration agreement, can, in fact, be bound to the arbitration agreement to the same extent receivership entities would be bound. But there remained a significant resultant question: whether the Employee Defendants' arbitration agreements were contracts that the Receiver could *reject*, "an ability that has deep historical roots for both federal equity receivers and bankruptcy trustees and that continues to be an important tool for both."

Applying Professor Vern Countryman's material breach test, Judge Godbey concluded that arbitration agreements must be analyzed as separate executory contracts, based on the nature of the agreement as well as arbitration caselaw regarding severability. Citing Professor Westbrook, he noted that, "[v]iewed as an independent contractual obligation of the parties, an arbitration agreement is a classic executory contract, since neither side has substantially performed the arbitration agreement at the time enforcement is sought." Westbrook, supra note 26, at 623 (footnote omitted). Furthermore, the appropriate remedy in this circumstance cannot be for the Court to require specific performance by the trustee — i.e., to compel arbitration — because 'injured part[ies] cannot insist on specific performance by the trustee.' See id. at 619 (collecting cases)." Janvey, 2014 U.S. Dist. LEXIS 193394 at *113.

Judge Godbey went on to opine that the Receiver had rejected the arbitration agreement, that the rejection was proper, and that the Receiver was not bound to arbitrate—further noting that if the court required the Receiver to adopt the arbitration agreements, it would greatly burden and deplete the receivership estate. Such a result, weighed in the balance, would be unjust and inequitable.

The Fifth Circuit ultimately affirmed, 847 F.3d 231 (5th Cir. 2017), but applied a different analysis. It determined that the Stanford entity in whose shoes the Receiver had stepped, for purposes of bringing the TUFTA claims (*i.e.*, Stanford International Bank), was not a signatory to the arbitration agreements and was not otherwise bound by them. The Fifth Circuit also determined that, with regard to one Employee Defendant (Giusti) who stood in a unique position (in that there was an arbitration agreement that the Receiver's predecessor was party to and bound), that Guisti waived the right to arbitrate by substantially invoking the judicial process (through the filing of a motion to dismiss, an answer, serving written discovery and answering discovery—which had caused delay and expense). As for Judge Godbey's "broader policy argument" that the federal receivership statutes were at odds with the FAA's mandate in favor of arbitration, noting that these were "important concerns," the Fifth Circuit stated that "we are wary of endorsing these broad policy arguments in the absence of specific direction from the Supreme Court." *Id.* at 245. But the Fifth Circuit did not otherwise address the arguments.

While the *Janvey* case involved a federal receiver, Judge Godbey looked almost entirely to bankruptcy law and to Bankruptcy Code section 365 to reach his ruling. This court finds *Janvey* to be persuasive (and possibly binding) on this court. Moreover, just as a federal receiver is analogous to a bankruptcy trustee, a debtor-in-possession is, of course, statutorily the same as a bankruptcy trustee. *See, e.g.,* 11 U.S.C. § 1107.

To be clear, if a bankruptcy trustee rejects an executory contract, the rejection, of course, constitutes a breach of the contract and subjects the estate to a claim for money damages on behalf of the injured party. 11 U.S.C. § 365(g). Significantly, however, the injured party cannot insist on specific performance by the trustee. See Westbrook, The Coming Encounter, at 619 (and numerous cases cited therein). Instead, the injured party is treated as having a prepetition claim for damages arising as if the breach occurred immediately before the filing of the bankruptcy petition. Professor Westbrook notes that the issue then becomes whether such a prepetition claim, including a claim arising from rejection, must be liquidated pursuant to the arbitration clause. *Most* jurisprudence in the bankruptcy context dealing with arbitration clauses does not analyze this as a traditional executory contract conundrum. And yet, to use Professor Westbrook's words, an arbitration agreement is a classic executory contract, since neither side has substantially performed the arbitration agreement at the time enforcement is sought. *Id.* at 623. And although "arbitration survives the contract" as a matter of contract law, "executory obligations may be avoided by the trustee as a matter of bankruptcy law through the exercise of the trustee's power to reject executory contracts." Id. "If specific performance is not available against a trustee, it follows that an arbitration agreement is like any other executory contract which the trustee may reject." *Id.* at 624.

The Janvey decision is not the only case to have addressed the effect of rejection on the viability of an arbitration clause within a rejected executory contract. The Dondero/Dugaboy Defendants cite the court to In re Fleming Companies, Inc., 325 B.R. 687 (Bankr. D. Del. 2005), a case from another bankruptcy court that predates Janvey by almost a decade, for the proposition that rejection of an executory contract does not prevent a party from invoking an arbitration clause in that contract. With due respect, the court believes the reasoning in Janvey to be more persuasive than the bankruptcy court's in Fleming Cos. (and Janvey is potentially binding precedent on this court). It also bears noting that it was the debtor in Fleming Cos., not the executory contract's counterparty, who was invoking the arbitration clause in the contract the debtor had previously rejected. That distinction is not without significance.

In summary, this court accepts Highland's argument that the LPA was an executory contract duly rejected pursuant to Bankruptcy Code section 365, and that the Arbitration Clause should likewise be considered a separate executory agreement that was rejected. Accordingly, Highland cannot be forced to specifically perform under the Arbitration Clause or the LPA by mandatorily participating in arbitration of Counts V, VI, and VII. The court defers to the compelling reasoning of Judge Godbey in *Janvey* on this point. The court, like Judge Godbey, also finds as a matter of fact that requiring arbitration in this case would impose undue and unwarranted burdens and expenses on the parties to the detriment of Highland's creditors.

IV. Waiver

Even if this court is in error in determining that the Arbitration Clause is no longer binding on Highland because it was rejected pursuant to Bankruptcy Code section 365, the court finds as a matter fact that the Dondero/Dugaboy Defendants have waived any right to invoke the Arbitration Clause. The court has taken judicial notice of its own docket, both in these Note Adversary Proceedings and in the administrative Chapter 11 case, and has considered the entire

record of both proceedings, as well as the *Declaration of John A. Morris in Support of Debtor's Objection to Motion to Compel Arbitration and Stay Litigation* [Doc. 94, 78, 83, and 78], and the exhibits annexed thereto, in making the following findings of fact.

The Note Adversary Proceedings were filed in January 2021 (after Highland earlier made demands on the Note Obligor Defendants or otherwise declared events of default). One of the Note Obligor Defendants (Mr. Dondero) timely answered, pleading an affirmative defense that Highland agreed not collect on the underlying notes—but that answer contained nothing more specific than this, nor any mention of arbitration. Amended Answers were later filed by the Note Obligor Defendants, elaborating on and/or adopting the affirmative defense that, through the oral agreement, Highland agreed to forgive the obligations under the notes as compensation to Mr. Dondero "upon fulfillment of conditions precedent." Roughly 90 days after the filing of the Note Adversary Proceedings, the Note Obligor Defendants filed motions to withdraw the reference, which this court spent significant time addressing in making a report and recommendation to the District Court in each Note Adversary Proceeding. No mention of arbitration was made to this court during those proceedings. During a hearing before the court on June 10, 2021, Highland announced its intention to add claims against the Dondero/Dugaboy Defendants for breach of fiduciary duty, yet the issue of arbitration was not raised at that point, or a month later when the Dondero/Dugaboy Defendants received a draft of the Amended Complaint adding Counts V, VI, and VII. Pursuant to the parties' agreement, Highland filed that Amended Complaint on August 27, 2021, as the Dondero/Dugaboy Defendants' "oral agreement" defense became clearer. Only on September 1, 2021, did the Dondero/Dugaboy Defendants file their Arbitration Motions and raise the issue of arbitration under the Arbitration Clause for the first time in these proceedings, more than seven months after the litigation began. At the same time, the Dondero/Dugaboy Defendants also pursued extensive discovery, seeking and obtaining responses to interrogatories and documents requests in scope and number significantly more than the Arbitration Clause permitted, all in accordance with pre-trial stipulations the defendants both negotiated with Highland and then asked this court to approve, which the court did.

Although courts in the Fifth Circuit sometimes apply a presumption against waiver of an arbitration right, the right can certainly be waived. ¹³ "Waiver will be found when the party seeking arbitration substantially invokes the judicial process to the detriment or prejudice of the other party." ¹⁴ In this context, prejudice "refers to the inherent unfairness—in terms of delay, expense, or damage to a party's legal position—that occurs when the party's opponent forces it to litigate an issue and later seeks to arbitrate that same issue." ¹⁵ A party waives arbitration when it "engage[s] in some overtact in court that evinces a desire to resolve the arbitrable dispute through litigation rather than arbitration." ¹⁶

10

¹³ Williams v. Cigna Fin. Advisors, Inc., 56 F.3d656, 661 (5th Cir. 1995).

¹⁴ Miller Brewing Co. v. Fort Worth Distrib. Co., 781 F.2d 494, 497 (5th Cir. 1986).

¹⁵ Subway Equip. Leasing Corp. v. Forte, 169 F.3d324, 327 (5th Cir. 1999) (quoting Doctor's Assocs., Inc. v. Distajo, 107 F.3d 126, 134 (2d Cir. 1997)).

 $^{^{16}}$ Keytrade USA v. Ain Temouchent M/V, 404 F.3d 891, 897 (5th Cir. 2005) (quoting Republic Ins. Co. v. PAICO Receivables, LLC, 383 F.3d 341, 344 (5th Cir. 2004)). See also Price v. Drexel Bumham Lambert, Inc., 791 F2d

While every situation is unique, here the court finds that the Dondero/Dugaboy Defendants waived their right (if any still remained) to demand arbitration, due to their multiple answers, their motions to withdraw the reference, extensive discovery that far exceeded what the Arbitration Clause permitted, and complete silence about the possibility of arbitration for more than eight months. Even though Counts V, VI, and VII were not added by Highland until more than seven months after the Note Adversary Proceedings were filed, the Dondero/Dugaboy Defendants had reason to know that their "oral agreement" affirmative defense might implicate the LPA and the Arbitration Clause, and yet they didn't raise the subject of arbitration until many months of litigation activity in the Note Adversary Proceedings had occurred in this court. ¹⁷ The resulting delay and expense warrant this court's applying waiver as permitted by the Fifth Circuit authority cited above. This court finds as a matter of fact that the Dondero/Dugaboy Defendants waived the relief they seek in the Arbitration Motions.

V. Judicial Estoppel, Waste and Inefficiency

Highland also asked the court: (a) to judicially estop the Dondero/Dugaboy Defendants from arguing entitlement to arbitration in light of prior contradictory positions these defendants took in earlier pleadings and arguments before this court, and (b) to decline to order arbitration because of the waste and inefficiency arbitration would represent for these proceedings. Because the court rules that rejection of the Arbitration Clause precludes Highland's being forced to submit to arbitration, and because the court finds that the Dondero/Dugaboy Defendants waived the relief they sought in the Arbitration Motions, the court need not and does not address Highland's arguments pertaining to judicial estoppel or the practical implications of ordering arbitration.

VI. Stay of Counts I-IV

Finally, because the court denies the arbitration requested in the Arbitration Motions, there is no good cause to stay litigation in the entire Note Adversary Proceedings. Even if the court has erred in its ruling on the Arbitration Motions, there still exists no good cause to stay the Note Adversary Proceeding as to Counts I-IV. The Dondero/Dugaboy Defendants acknowledge that Counts I-IV are non-arbitrable claims and, moreover, in the event Plaintiff were to prevail on them, it is likely that Plaintiff would not even pursue Counts V–VII. To clarify, if Plaintiff prevails on Counts I and II (*i.e.*, the breach of contract claims and turnover)—which would involve a finding that there was no oral agreement for nonpayment—then all other counts would become moot. And, if the court were to find that there were such an agreement, Plaintiff could potentially still prevail on Counts III and IV (the claims that such an agreement would constitute a fraudulent transfer—also non-arbitrabal). It would seem that only if Plaintiff loses on all of these non-arbitrable claims would it have any interest in pursuing Counts V-VII (*i.e.*, an interest in arguing that the oral agreements amounted to breach of fiduciary duty and aiding and abetting breach of fiduciary duty).

11

^{1156, 1162 (5}th Cir. 1986) (party waived arbitration because it "initiated extensive discovery, answered twice, filed motions to dismiss and for summary judgment, filed and obtained two extensions of pre-trial deadlines, all without demanding arbitration").

¹⁷ The court notes that all Note Obligor Defendants consist of either Mr. Dondero or entities he controls.

The requested stay would also be illogical in this context. The "oral agreement" defense relies on the existence of an oral contract between Highland (via Dugaboy, through its trustee, Ms. Dondero) and Mr. Dondero. The existence of that contract is *not* an arbitrable issue. The implications of that contract's existence are what would potentially be arbitrable. If litigation on Counts I–IV demonstrates that there was no such "oral agreement," then there would be nothing to arbitrate because Counts V–VII would be rendered moot. Staying the litigated determination regarding the existence of the "oral agreement" in favor of arbitrating issues that only arise if there ever were such an agreement strikes the court as backwards. Arbitration should await that determination, not the other way around.

Accordingly, the Dondero/Dugaboy Defendants' requests to stay the Note Adversary Proceedings have no merit and are denied.

ORDER

For the reasons stated in the above Memorandum Opinion and Order, the Arbitration Motions and Stay Motions related thereto are DENIED.

End of Order

Davor Rukavina Julian P. Vasek MUNSCH HARDT KOPF & HARR, P.C. 500 N. Akard Street, Suite 3800 Dallas, Texas 75202-2790 (214) 855-7500 telephone (214) 978-4375 facsimile Email: drukavina@munsch.com

ATTORNEYS FOR NEXPOINT ADVISORS, L.P.

IN THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF TEXAS DALLAS DIVISION

In re:	- §	
	§	Chapter 11
HIGHLAND CAPITAL MANAGEMENT, L.P.,	§	
	§	Case No. 19-34054-sgj11
Debtor.	§	
	_ §	
HIGHLAND CAPITAL MANAGEMENT, L.P.,	§	
	§	
Plaintiff,	§	Adversary Proceeding No.
	§	
VS.	§	21-03005-sgj
	§	
NEXPOINT ADVISORS, L.P., JAMES	§	
DONDERO, NANCY DONDERO, AND THE	§	
DUGABOY INVESTMENT TRUST,	§	
	§	
Defendants.	_ §	

REPLY OF DEFENDANT NEXPOINT ADVISORS, L.P. IN SUPPORT OF MOTION TO EXTEND EXPERT DISCLOSURE AND DISCOVERY DEADLINES

TO THE HONORABLE STACEY G.C. JERNIGAN, U.S. BANKRUPTCY JUDGE:

COMES NOW NexPoint Advisors, L.P. ("NexPoint"), one of the defendants in the above styled and numbered Adversary Proceeding initiated by Highland Capital Management, L.P. as the plaintiff (the "Debtor"), and files this its *Reply* (the "Reply") in support of its *Motion to Extend Expert Disclosure and Discovery Deadlines* (the "Motion"), and replying to the *Objection to Motion of Defendant NexPoint Advisors, L.P. to Extend Expert Disclosure and Discovery Deadlines* (the "Objection"), filed by the Debtor, respectfully stating as follows:

I. SUMMARY

1. The Shared Services Agreement required the Debtor to assist and advise with payments, including on notes. That is in the contract. The Debtor's former CFO confirmed it. The Shared Services Agreement contains a standard of care that the Debtor had to follow. That is also in the contract. And the Fifth Circuit confirms that expert testimony is appropriate, and potentially required, when the standard of care is not obvious. Here, it was obvious until it wasn't. Before Mr. Waterhouse's deposition, the standard of care was not at issue per se. The Defendant simply alleged the Debtor was obligated to facilitate the December payment but did not. That came down to simple contract interpretation. No expert was needed because any lay juror could understand that the Debtor breached its duties by doing nothing to facilitate the payment. But things changed after Mr. Waterhouse's testimony in late October, when he testified that Mr. Dondero allegedly told him not to pay this note. The question then became what the Debtor was obligated to do next under the contractual standard of care. The answer is not obvious. And it is the type of issue on which a jury could only benefit from expert opinion testimony. This is precisely the type of case where the Fifth Circuit finds expert testimony appropriate, if not required. Nor is there prejudice to the Debtor: there is no trial setting, the Debtor can contest the admission of the expert's testimony and present its own rebuttal, and, if the Debtor prevails, it also can also seek to recover all collection costs.

II. THE EXPERT TESTIMONY IS APPROPRIATE

- 2. The Shared Services Agreement, in place during November and December, 2020, provides as follows:
 - Section 6.01. <u>Standard of Care</u>. Except as otherwise expressly provided herein, each Covered Person shall discharge its duties under this Agreement with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. To the extent not

inconsistent with the foregoing, each Covered Person shall follow its customary standards, policies, and procedures in performing its duties hereunder.

See Rukavina Declaration, Exh. A at § 6.01.

- 3. "Covered Person" includes the "Staff and Services Provider," *i.e.* the Debtor, and its managers, directors, officers, and shareholders. *See id.* at p 2. There can be no dispute that section 6.01 applied to the Debtor itself, to Mr. Waterhouse, and to the other employees involved (David Kloss, the controller, and Kristin Hendrix, the senior accountant).
- 4. The Debtor argues that section 6.01 applies only to duties specifically set forth in the Shared Services Agreement, and that the duty to facilitate payments on NexPoint's behalf is not among those duties. This argument is wrong. The Shared Services Agreement identifies at least three services that the Debtor was required to provide that are directly on point:
 - (a) Back- and Middle Office. Assistance and advice with respect to back- and middle-office functions including, but not limited to . . . finance and accounting, payments, operation, book keeping, cash management . . . accounts payable . . .
 - (k) Ancillary Services. Assistance and advice on all things ancillary or incidental to the foregoing.
 - (l) Other. Assistance and advice relating to such other back- and middle-office services in connection with the day-to-day business of [NexPoint] as [NexPoint] and [the Debtor] may from time to time agree.

See id. at § 2.02 (emphasis added).

5. Assistance and advice—again, *advice*—with respect to "payments" is expressly included. And, should there be any doubt, the Debtor's own Chief Financial Officer at the time confirmed that it was "reasonable for NexPoint to rely on the debtors' employees to inform NexPoint of an upcoming payment due on the \$30 million promissory note." *See* Rukavina Declaration at Exh. C, 337:22-338:8. That is why NexPoint was paying millions of dollars to the Debtor, to assist and *advise* NexPoint with respect to NexPoint's payment obligations. Advice would include advising NexPoint of the consequences of a potential default, especially given the

Debtor's conflict-of-interest at the time between being NexPoint's creditor as well as its accounting, payment, and legal professional. This is especially the case if Mr. Dondero in fact instructed Mr. Waterhouse not to make the payment on the belief that the payment was not due, or would be netted against NexPoint's overpayments to the Debtor.

6. Next, the Debtor argues that expert testimony is not proper on the scope of a party's legal duty, because that is a legal conclusion for the Court. NexPoint agrees. The Debtor also argues that whether the Debtor owed or breached a legal duty is for the jury to decide. NexPoint agrees in part: whether duties are *breached* is an issue for the jury; not whether duties were owed. *See Askanese v. Fajto*, 130 F.3d 657, 673 (5th Cir. 1997). None of these issues are present here: the Court will construe the Shared Services Agreement as a matter of law; that agreement contains section 6.01, and the Court will construe that section. But, the standard of care in that section is:

the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

See Rukavina Declaration, Exh. A at § 6.01.

7. The issue is simple: if the jury finds that Mr. Dondero did in fact instruct Mr. Waterhouse not to make the payment, then did the Debtor fail to act with "the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims" by failing to do anything to advise NexPoint as to the consequences of a default, failing to confirm that Mr. Waterhouse correctly understood the instruction, or not even trying to dissuade Mr. Dondero from his alleged instruction? As simple as this issue appears to sophisticated bankruptcy professionals, it is not one a lay juror could resolve from personal experience or common sense.

8. "Expert testimony is generally required to prove the applicable standard of care." *Quijano v. United States*, 325 F.3d 564, 567 (5th Cir. 2003) (emphasis added); *Streber v. Hunter*, 221 F.3d 701, 724 (5th Cir. 2000) ("Breach of the standard of care must generally be proven by expert testimony"). [E]xpert testimony is necessary to establish the standard of care ... Similarly, breach of a fiduciary duty or a conflict of interest requires proof of expert testimony." *Geiserman v. MacDonald*, 893 F.2d 787, 793-94 (5th Cir. 1990) (internal quotations removed) (emphasis added). An expert is appropriate, and potentially needed, for the jury to understand whether the Debtor employed "the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims." That should not be a controversial proposition.

9. The Debtor cites the Fifth Circuit's opinion in *Askanese v. Fajto* as support for its argument. 130 F.3d 657 (5th Cir. 1997). In that opinion, the Fifth Circuit affirmed the exclusion of an expert because "[i]t is not for [the expert] to tell the trier of fact what to decide." *Id.* at 1997. Here, NexPoint's expert would not be telling the jury what to decide; only whether, in his opinion, the Debtor's actions and inactions breached the duties as otherwise specified in the Shared Services Agreement and construed by the Court. The Debtor would have the ability to have a rebuttal expert, and the jury would be free to disregard the expert's testimony. NexPoint's expert would not be telling the jury how to decide, only his opinion as to whether the standard of care as specified in the agreement and construed by the Court was met. Conversely, if NexPoint's lay witnesses purported to present evidence on these duties at trial, the Debtor would certainly object to any such evidence because it would *not* be expert testimony.

III. REPLY REGARDING "GOOD CAUSE"

A. <u>NexPoint's Need and Good Cause for Leave</u>

- 10. The Debtor argues that NexPoint seeks leave because the testimony of its witness, Mr. Waterhouse, allegedly did not go well. But the Debtor takes some liberties in its argument. For one thing, Mr. Waterhouse is not one of NexPoint's witnesses. In fact, the Debtor took his deposition and he is not NexPoint's witness. Also, his deposition did not go badly for NexPoint. On the contrary, other than his unexpected testimony regarding Mr. Dondero's alleged instruction not to pay the note, his testimony was not harmful to NexPoint and was, objectively, neither helpful nor harmful to either side. The Debtor makes these wrong allegations solely to shoehorn its argument into a case that it cites. See Objection at ¶ 43.
- 11. But the more pertinent objection is that, as NexPoint has always argued that the Debtor caused the alleged default, NexPoint should have retained an expert months ago: "[i]If NexPoint wanted to offer 'expert testimony' concerning Highland's duties under the SSA, it had nine months to do so, and Mr. Waterhouse's testimony, expected or not, does nothing to change that." Objection at ¶ 44. This argument is wrong as a matter of Fifth Circuit law.
- 12. Prior to Mr. Waterhouse's deposition, NexPoint did not know that Mr. Dondero allegedly instructed Mr. Waterhouse not to make the payment. NexPoint understood that the Debtor's employees simply dropped the ball on ensuring that the payment was made. Under those facts, expert testimony would not have been needed because anyone, using common sense, can determine whether the Debtor in that case breached it duties. But the situation changed when Mr. Waterhouse gave his deposition testimony because, if the jury believes that Mr. Dondero gave the instruction, now the situation is much more complicated; *i.e.* whether, in light of such an alleged instruction, the Debtor nevertheless breached its duties. This important distinction has been aptly explained by the Fifth Circuit in a case where the issue was whether a trustee breached his duties:

APP 791

Finders of fact are supposed to reach their conclusions on the basis of common sense, common understanding and fair beliefs, grounded on evidence consisting of direct statements by witnesses or proof of circumstances from which inferences can fairly be drawn. Accordingly, we have explained that, as a general rule, expert testimony is not needed in many if not most cases. Moreover, although expert testimony may be necessary in a professional negligence case to establish the standard of care for the industry, an exception applies in instances of negligence that are a matter of common knowledge comprehensible to laymen.

Although Liberty Mutual contends that expert testimony was required in this case, Lamesa suggests that inasmuch as the Trustee failed to act in the face of obvious danger posed by Mrs. Schooler's ready access to the bankruptcy estate's assets, and in the face of repeated warnings and inquiries by a concerned creditor, a layperson could discern that the standard of care was not met in this case.

We agree with Lamesa that, under the facts of this case, expert testimony was not required to establish that the Trustee breached her duties. While the precise course of action the Trustee should have taken may be subject to reasonable debate, it requires no technical or expert knowledge to recognize that she affirmatively should have undertaken *some* form of action to acquire for the bankruptcy estate the assets to which it was entitled. As the bankruptcy court explained, by doing nothing, the Trustee ignored basic human nature.

In re Schooler, 725 F.3d 498, 514-15 (5th Cir. 2013) (internal citations and quotations omitted).

- Debtor breached its duties by doing *nothing* in light of the upcoming payment, without Mr. Dondero's alleged instruction. But if the jury finds that that instruction occurred, the situation is more complicated: did the Debtor have an affirmative duty after receiving such instruction to seek confirmation, advise as to the potential consequences of a default, or try to dissuade Mr. Dondero? These issues are not within a lay person's common knowledge or common sense. And this is all the more important because, at the same time, the Debtor was providing legal services to NexPoint; *i.e.* the Debtor was NexPoint's law firm.
- 14. By analogy, it is one thing for a lawyer to fail to inform his client of an upcoming deposition, which leads to a "death penalty" order. Anyone can know, using common sense, that the lawyer committed professional negligence. But what if the lawyer advises the client of the

deadline, but the client tells the lawyer he does not feel like attending the deposition? Can the lawyer sit on his hands and do nothing, or must the lawyer take affirmative steps, for example, to inform the client of the potential consequences, try to reschedule the deposition, or try to dissuade the client from his decision? That is a much more difficult question. Here again:

the general rule is that expert testimony is required to establish the standard of care in a legal malpractice action; an exception to the general rule is recognized where the attorney's lack of care and skill is so evident that the jury can find negligence as a matter of common knowledge, e.g., when an attorney allows the statute of limitations to run on a client's claim.

Floyd v. Hefner, 556 F. Supp. 2d 617, 643 (S.D. Tex. 2008).

15. The Debtor's objection that the expert testimony is irrelevant is likewise wrong. NexPoint has explained above why expert testimony is appropriate, and arguably required, to address the standard of care in the Shared Services Agreement. NexPoint has likewise demonstrated that the Shared Services Agreement expressly provides for assistance and advice with respect to "payments." Here, the Debtor attempts misdirection:

NexPoint does not and cannot identify any provision in the SSA that imposes a duty on Highland to make Annual Installment payments on NexPoint's behalf without direction from an authorized NexPoint representative.

Objection at ¶ 49.

NexPoint's behalf," in the sense that the Debtor would do so from its funds. And, the issue is not whether the payment should have been made without direction from an authorized NexPoint representative—itself a disputed question of fact made much more complicated by the fact that it was the same individual responsible for the payment on both sides, who was also an officer of both parties. Even if the Debtor is correct, though, the point is that the Debtor failed in its duties to *seek* such authorization.

17. The Debtor also argues that, as NexPoint should always have known that Mr.

Dondero did not authorize the payment, Mr. Waterhouse's testimony that Mr. Dondero instructed

him not to make the payment does not change the situation such that NexPoint's delay is

unreasonable. First, the issue is not whether NexPoint instructed the Debtor to make the payment;

that is merely the Debtor's interpretation of its duties under the Shared Services Agreement and

the Court or the jury will have to decide whether that is correct. NexPoint does not agree that is

the correct standard (and its expert has not been asked to opine on that issue). Second, the issue is

the Debtor's failure to advise NexPoint on the issue—and advice is an express duty under the

contract. Third, the Debtor fails to recount the whole of Mr. Dondero's testimony on the

"authorization" issue:

Q. Okay. And do you know whether anybody acting on behalf of any of the three

corporate obligors under the term notes ever took any steps in December 2020 to make sure that Highland would, in fact, make the payments that were due at year-

end?

MS. DEITSCH-PEREZ: Object to the form.

No, there was a reliance on Highland. A.

Okay. Is it your testimony that Highland was authorized to make the

payments under the notes at year-end without being directed by a representative of

the three corporate obligors?

A. Yes. It is my contention that that is how it worked in prior years also.

Q. And so you believe that nobody on behalf of any of the corporate obligors ever

authorized or directed Highland to make the payments but that Highland did it

without -- without direction?

MS. DEITSCH-PEREZ: Object to the form.

Yes, typically. And in 2017 or 2018, 2019, for sure.

Morris Declaration Exh. 4 at: 462:24-463:25.

18. And contrary to the Debtor's characterization of Mr. Waterhouse's testimony, Mr.

Waterhouse testified as follows:

- Q. Well, what about long term loans? Was it reasonable for NexPoint to expect debtor employees to ensure that NexPoint timely paid its obligations under long-term notes?
- MR. MORRIS: Objection to the form of the question.
- MS. DANDENEAU: Objection to form.
- A. I mean, that is one of the things that the Highland personnel did provide to the advisors. Yes, we would -- we would over the years, yes, we -- we -- we did do that generally. Again, I don't remember specifically but, yes, generally we you know, we did do that.

* * *

- Q. And what role in years prior to 2020 would employees of the debtor have had with respect to NexPoint making that annual payment?
- A. We -- we -- we would have -- I keep saying "we." The team would have calculated any amounts due under that loan and other loans, as -- as standard course. We would -- since we provided treasury services to the advisors, we would inform the -- the -- we informed Mr. Dondero of any cash obligations that are forthcoming, whether we do cash projections. If, you know, any of these payments would have -- or, you know, the sum total of all of these payments, including any note payments, if there were any cash shortfalls, we would have informed Mr. Dondero of any cash shortfalls. We could adequately plan, you know, in instances like that.

Or, sorry, we -- I say "we" - I keep saying "we" -- I keep wearing my -- again, my -- my treasurer hat. But, yes, it is to -- it is to inform Mr. Dondero of the obligations of the advisors in terms of cash and obligations that are -- are upcoming and that -- and that are -- are scheduled to be paid.

* * *

- Q. And based on your experience, would it have been reasonable for NexPoint to rely on the debtors' employees to inform NexPoint of an upcoming payment due on the \$30 million promissory note?
- MR. MORRIS: Objection to form of the question.
- MS. DANDENEAU: Objection to form.

A. Yes. Yes, they did. I mean, but I mean, but I don't think these -- these notes were any secret to anybody

Rukavina Declaration at Exh. C: 333:14-338:8.

19. The situation was not, therefore, as the Debtor construes it; that the Debtor could sit around and do nothing until an instruction to pay was issued. On the contrary, as the Shared Services Agreement requires, it was to *advise* NexPoint: "to inform Mr. Dondero of the obligations of the advisors in terms of cash and obligations that are [] upcoming . . . [and] scheduled to be paid." Whatever else can be said about what happened, and whether the jury will believe Mr. Dondero or Mr. Waterhouse, one thing is clear: the course that had been followed for years was

20. On the issue of timing, NexPoint has already explained that, while it understood

that Mr. Dondero instructed Mr. Waterhouse to make no further payments on the Shared Services

not followed here, because the Debtor failed to inform Mr. Dondero of the upcoming alleged

obligation, whether outright or because of Mr. Dondero's alleged instruction not to pay.

Agreement, Mr. Dondero never made a similar instruction regarding the Note. See Rukavina

Declaration at ¶ 10. Mr. Waterhouse's counsel prevented NexPoint's counsel from discussing the

matter with Mr. Waterhouse, due to ongoing litigation between the Debtor and Mr. Waterhouse.

See id. at ¶ 11. If the Court questions the truthfulness of this, the Court need only review the

transcript of Mr. Waterhouse' deposition, where NexPoint's attorney asked four (4) times whether

Mr. Waterhouse was sure of the instruction, as evidence of counsel's surprise at the answer. See

Rukavina Declaration a Exh. C: 390:4-392:17.

21. At the same time, it appears that the Debtor knew what Mr. Waterhouse's answer would be well ahead of time—an issue also relevant below to prejudice. On May 11, 2021, the

Debtor served its amended responses to NexPoint's discovery. See Supplemental Rukavina

Declaration [filed concurrently herewith] at Exh. "A." In those, the Debtor answered the following interrogatory:

INTERROGATORY NO. 2:

If the Debtor contends that it was not responsible for causing payments to be made under the Note on NexPoint's behalf pursuant to the Shared Services Agreement, explain the legal and factual basis for such contention.

RESPONSE TO INTERROGATORY NO. 2:

The Debtor objects to Interrogatory No. 2 on the ground that it seeks a legal conclusion or legal analysis. Subject to its objection, the Shared Services Agreement did not provide that the Debtor was responsible for causing payments to be made under the Note. The Debtor further states that after the Debtor sent NexPoint the Default Letters, NexPoint did not contend that the Debtor was required to make payments under the Note on NexPoint's behalf. The Debtor's personnel caused the January Payment to be processed upon instruction from NexPoint.

See Supplemental Rukavina Declaration at Exh. "B" at p. 7.

22. Even though NexPoint asked the Debtor to explain, factually, why the Debtor was not responsible for causing payments to be made, rather than including in its answer that Mr. Dondero gave Mr. Waterhouse the alleged instruction, the Debtor merely answered (as it does now, despite the clear language of the Shard Services Agreement) that the contract did not impose this responsibility on the Debtor. Yet, the Debtor's answer to the following request for production strongly suggests that the Debtor knew of the alleged instruction, yet did not include it in the interrogatory answer:

REQUEST FOR PRODUCTION NO. 1:

All Communications pursuant to which any director, officer, or employee of the Debtor was advised or instructed not to make the December Payment or to cause the December Payment to be made.

RESPONSE TO REQUEST FOR PRODUCTION NO. 1:

Subject to the General Objections, the Debtor is unaware of any documents responsive to Request for Production No. 1. <u>Any Communications responsive to Request for Production No. 1 were verbal.</u>

See id. at p. 10 (emphasis added).

23. The Debtor could and should have stated what these verbal communications were in May, 2021. Instead, NexPoint was forced to wait until Mr. Waterhouse's deposition to learn of the alleged verbal communication. Alternatively, the Debtor too did not know ahead of time how Mr. Waterhouse would answer, but then it can hardly accuse NexPoint of any delay.

B. EXPERT TESTIMONY IS RELEVANT

- 24. NexPoint has already addressed above why expert testimony is appropriate, why it may even be required, and why, both pursuant to the language of the contract and the Debtor's CFO's testimony, the Debtor had *some* level of duties with respect to the payment.
- 25. The Debtor argues that the agreement exculpates the Debtor for "any acts or omissions unless it is determined by a court of competent jurisdiction to 'be the result of gross negligence or to constitute fraud or willful misconduct." Objection at p. 13, n. 8. That is not true. That exculpation provision applies only to the "conduct of the business of [NexPoint]." Rukavina Declaration Exh. A at § 6.02. The payment of a note is not the "business" of NexPoint; its business is managing and advising funds and investments. Even so, if the Debtor argues otherwise, then that is a matter for the jury, and the issue is not one appropriate to the present Motion.
- 26. The Debtor's reliance on the Shared Service Agreement's indemnification provision is likewise unavailing: "an indemnity provision does not apply to claims between the parties to the agreement." *Derr Constr. Co. v. Houston*, 846 S.W.2d 854, 858 (Tex. App. Houston [14th Dist.] 1992). *Accord In re 1701 Commerce LLC*, 2014 Bankr. LEXIS 3962 at *40 (Bankr. N.D. Tex. 2014) ("[u]nder Texas law, indemnity agreements do not generally apply to

claims between the parties to an agreement"). There is an exception if the agreement expressly provides that the indemnification applies to a claim brought by one party against the other, *see In re 1701 Commerce LLC*, 2014 Bankr. LEXIS at *40, but the language in the Shared Services Agreement does not so provide.

C. THE DEBTOR WILL NOT BE PREJUDICED

27. The Debtor will not suffer prejudice if the Motion is granted. If the Debtor hires a rebuttal expert and prevails at trial, then it will be entitled to the costs of that expert. The scheduling order provided for expert designations by October 29, 2021. NexPoint filed its motion on that day. The Debtor cannot credibly argue prejudice with respect to added costs when the Debtor would have incurred those costs anyway had NexPoint provided an expert report on that day. In this respect:

any additional costs incurred from an extension would not be unreasonable. Here, Plaintiffs seek an extension so they can offer an expert witness for their products liability claims. Defendants have been aware of these claims since this case's inception. Because expert witnesses are crucial for Plaintiffs' prima facie case, Defendants have known they would need to prepare rebuttal evidence since this case began on October 14, 2019. These facts do not present an instance in which a party adds an additional claim, or introduces an eleventh-hour witness, to foist additional litigation costs without warning.

Adams v. Medtronics Inc., 2021 U.S. Dist. LEXIS 47246 at *12 (E.D. Tex. 2021).

28. Likewise here, the Debtor always knew of NexPoint's defense. And, as discussed above, it appears that the Debtor (but not NexPoint) knew what Mr. Waterhouse's testimony would be in May, 2021. Again, had NexPoint provided an expert report on October 29, the Debtor would have incurred whatever costs it would have incurred anyway, except that, in that instance, the Debtor would likely be moving to extend the expert deadline, since the scheduling order does not provide for a separate rebuttal expert deadline. Moreover, the Debtor will have every opportunity

to contest the expert's admission at trial; the Court's approval of the Motion does not mean that the expert's testimony is admissible.

29. The Debtor's discussion of a "continuance" is irrelevant, as trial has not been set and likely will not be set for a long time given the Debtor's own desire to pursue summary judgment practice. In that respect, assuming the Court grants the Motion on December 13, 2021, and the Debtor needs one month for a rebuttal expert, and the parties need two weeks for expert depositions, that would still mean that this case would be trial ready by the end of February, 2022 thirteen (13) months after being filed. This is not unreasonable and is faster than many cases are declared trial ready. In fact, the Debtor has indicated that it will move for summary judgment by December 17, 2021, with responses due on January 17, 2022, with the Debtor's reply on January 31, 2022—a schedule the Court accepted. And, on December 7, 2021, the Debtor apparently filed motions seeking to consolidate for trial various note cases, including this one, which motion alone will likely take significant time to decide as several District Court judges are involved. In other words, this Adversary Proceeding is not going to be certified as trial ready for a few months at least. Nor would granting this Motion affect the timing of the summary judgment proceedings; whether the Debtor breached the standard of care is a question of fact outside the scope of summary judgment.

IV. PRAYER

WHEREFORE, PREMISES CONSIDERED, NexPoint respectfully requests that the Court overrule the Debtor's objection and grant the Motion.

RESPECTFULLY SUBMITTED this 8th day of December, 2021.

MUNSCH HARDT KOPF & HARR, P.C.

By: /s/ Davor Rukavina

Davor Rukavina State Bar No. 24030781

Julian P. Vasek.

State Bar No. 24070790

500 N. Akard Street, Suite 3800

Dallas, Texas 75202-2790 Telephone: (214) 855-7500 Facsimile: (214) 978-4375

Email: drukavina@munsch.com Email: jvasek@munsch.com

ATTORNEYS FOR NEXPOINT ADVISORS, L.P.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that, on December 8th, 2021, a true and correct copy of the foregoing document, including the exhibit thereto, was served via the Court's CM/ECF system on parties entitled to notice thereof, including on counsel for the Debtor.

/s/ Davor Rukavina
Davor Rukavina

IN THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF TEXAS DALLAS DIVISION

In re:	§
	§ Chapter 11
HIGHLAND CAPITAL MANAGEMENT, L.P.,	§
	§ Case No. 19-34054-sgj11
Debtor.	§
	§
HIGHLAND CAPITAL MANAGEMENT, L.P.,	§
74 1 100	§
Plaintiff,	§ Adversary Proceeding No.
	§
VS.	§ 21-03005-sgj
NEWBORIE ADMICORG I D. LAMEG	8
NEXPOINT ADVISORS, L.P., JAMES	8
DONDERO, NANCY DONDERO, AND THE	§
DUGABOY INVESTMENT TRUST,	§
	§
Defendants.	§

SUPPLEMENTAL DECLARATION OF DAVOR RUKAVINA

The undersigned, Davor Rukavina, hereby declares under penalty of perjury pursuant to the laws of the United States of America the following:

- 1. My name is Davor Rukavina. I am over the age of 21, have never been convicted of a felony or crime of moral turpitude, and am otherwise qualified to give this Declaration.
- 2. I am an attorney duly licensed to practice law in the State of Texas. I am lead counsel for NexPoint Advisors, L.P. ("NexPoint"), in the above styled and numbered Adversary Proceeding. As such, I directly supervised discovery served by NexPoint in this Adversary Proceeding and the receipt of responses to the same from Highland Capital Management, LP (the "Debtor"), and I have personal knowledge of the same (although not the underlying facts).
- 3. Attached to this Declaration as Exhibit "A" is a true and correct copy of discovery served by NexPoint on the Debtor on or about March 31, 2021.

4. Attached to this Declaration as Exhibit "B" is a true and correct copy of the

Debtor's amended responses to said discovery.

5. I hereby swear under penalty of perjury that the foregoing is true and correct to the

best of my knowledge and ability.

Executed: December 8, 2021.

/s/ Davor Rukavina

DAVOR RUKAVINA

Davor Rukavina, Esq.
Texas Bar No. 24030781
Julian P. Vasek, Esq.
Texas Bar No. 24070790
MUNSCH HARDT KOPF & HARR, P.C.
500 N. Akard Street, Suite 3800
Dallas, Texas 75202-2790
Telephone: (214) 855-7500
Facsimile: (214) 978-4375
drukavina@munsch.com
jvasek@munsch.com

Counsel for NexPoint Advisors, L.P

IN THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF TEXAS DALLAS DIVISION

In re	§	
HIGHLAND CAPITAL MANAGEMENT,	§ §	Chapter 11
L.P.,	§ §	Case No. 19-34054-sgj11
Debtor.	§	
	§	
HIGHLAND CAPITAL MANAGEMENT,	§	
L.P.,	§	
	§	
Plaintiff,	§	
	§	Adv. No. 21-03005
v.	§	
	§	
NEXPOINT ADVISORS, L.P.	§	
	§	
Defendant.	§	

DEFENDANT'S REQUESTS FOR ADMISSIONS, INTERROGATORIES, <u>AND REQUESTS FOR PRODUCTION TO PLAINTIFF</u>

TO: Highland Capital Management, L.P. through its counsel of record, Jeffrey Pomerantz and John Morris, Pachulski Stang Ziehl & Jones LLP, 10100 Santa Monica Blvd., 13th Floor, Los Angeles, CA 90067, jpomerantz@pszjlaw.com; jmorris@pszjlaw.com; Zachery Annable, Hayward PLLC, 10501 N. Central Expy., Ste. 106, Dallas, TX 75231, zannable@haywardfirm.com

NexPoint Advisors, L.P., the defendant in the above-styled and numbered adversary proceeding, hereby serves these *Requests for Admissions, Interrogatories, and Requests for*

Production pursuant to Rules 33, 34, and 36 of the Federal Rules of Civil Procedure and Rules 7033, 7034, and 7036 of the Federal Rules of Bankruptcy Procedure.

Highland Capital Management, L.P. is instructed to serve its responses to these requests and interrogatories, along with all documents responsive to these requests, no later than **April 30**, **2021**, by delivering them to Julian Vasek, Munsch Hardt Kopf & Harr P.C., 500 N. Akard St., Ste. 3800, Dallas, Texas 75201, jvasek@munsch.com.

Pursuant to Federal Rule of Civil Procedure 34(b)(1)(C), made applicable to this adversary proceeding by Federal Rule of Bankruptcy Procedure 7034, electronically stored information should be produced in native format.

I. <u>DEFINITIONS</u>

- 1. "Adversary Proceeding" means the above-captioned adversary proceeding.
- 2. "<u>Committee</u>" means the Official Committee of Unsecured Creditors appointed in the Debtor's bankruptcy case, including its officers, directors, employees, agents, and representatives.
- 3. "<u>Communication</u>" or "<u>Communications</u>" means every kind of written, recorded, or oral transmission of information.
- 4. "Complaint" means the Complaint for (I) Breach of Contract and (II) Turnover of Property of the Debtor's Estate filed at Dkt. No. 1 in the Adversary Proceeding.
- 5. "<u>Debtor</u>" means Highland Capital Management, L.P., including its officers, directors, employees, agents, and representatives.
- 6. "<u>December Payment</u>" means the payment that was allegedly due on December 31, 2020 under the Note.

7. "<u>Default Letters</u>" means the letters sent from the Debtor to NexPoint dated January 7, 2021 and January 15, 2021 that are attached as exhibits to the Complaint.

8. "<u>Document</u>" or "<u>Documents</u>" means writings of every type and from any source, including e-mail and electronic documents and including originals and nonidentical copies thereof that are in your possession, custody, or control or known by you to exist.

The term also includes communications not only in words, but in symbols, pictures, sound recordings, film, tapes, and information stored in, or accessible through, computer or other information storage or retrieval systems. If the information is kept in a computer or informational storage or retrieval system, the term also includes codes and programming instructions and other materials necessary to understand such systems.

The term includes, but is not limited to: the original and all copies (regardless of origin and whether or not including additional writing thereon or attached thereto) of pictures, loan agreements, memoranda, reports, books, manuals, instructions, financial reports, working papers, records, notes, letters, notices, confirmations, telegrams, receipts, appraisals, pamphlets, magazines, newspapers, prospectuses, inter-office and intra-office communications, contracts, cables, electronic mails, deleted electronic mails, text messages, notations or memoranda of any sort of any conversation, telephone calls, meetings or other communications, bulletins, printed matter, computer printouts, teletypes, invoices, transcripts, diaries, analyses, returns, summaries, minutes, bills, accounts, estimates, projections, comparisons, messages, correspondence, press releases, circulars, financial statements, reviews, opinions, offers, studies and investigations, questionnaires and surveys, work sheets (and all drafts, preliminary versions, alterations, modifications, revisions, changes and amendments of any of the foregoing), graphic or oral records or representations of any kind, (including, without limitation, tapes, cassettes, discs and records)

and other written, printed, typed, photographed, or other graphic recorded matter of any kind or nature, however reproduced and whether preserved in writing, phono record, film, photograph, type or video tape.

- 9. "<u>January Payment</u>" means the payment made by NexPoint under the Note on January 14, 2021 in the amount of \$1,406,111.92.
- 10. "<u>NexPoint</u>" means NexPoint Advisors, L.P., including its officers, directors, employees, agents, and representatives.
 - 11. "Note" means that certain *Promissory Note* attached to the Complaint as Exhibit 1.
- 12. "Shared Services Agreement" means that certain Amended and Restated Shared Services Agreement between NexPoint and the Debtor, dated effective as of January 1, 2018.

II. REQUESTS FOR ADMISSIONS

- 1. Admit that the Debtor was responsible for making payments under the Note on NexPoint's behalf pursuant to the Shard Services Agreement.
- 2. Admit that the Debtor was responsible for causing payments to be made under the Note on NexPoint's behalf pursuant to the Shard Services Agreement.
 - 3. Admit that the Debtor did not make the December Payment on NexPoint's behalf.
- 4. Admit that the Debtor did not cause the December Payment to be made on NexPoint's behalf.
- 5. Admit that, pursuant to the Shared Services Agreement, the Debtor made a payment on the Debtor's behalf under the Note on or about December 31, 2018.
- 6. Admit that, pursuant to the Shared Services Agreement, the Debtor caused a payment to be made on the Debtor's behalf under the Note on or about December 31, 2018.

7. Admit that, pursuant to the Shared Services Agreement, the Debtor made a payment

on the Debtor's behalf under the Note on or about December 31, 2019.

8. Admit that, pursuant to the Shared Services Agreement, the Debtor caused a

payment to be made on the Debtor's behalf under the Note on or about December 31, 2019.

9. Admit that, prior to the alleged default on December 31, 2020, NexPoint never

defaulted under the Note.

III. <u>INTERROGATORIES</u>

1. If the Debtor contends that it was not responsible for making payments under the

Note on NexPoint's behalf pursuant to the Shared Services Agreement, explain the legal and

factual basis for such contention.

2. If the Debtor contends that it was not responsible for causing payments to be made

under the Note on NexPoint's behalf pursuant to the Shared Services Agreement, explain the legal

and factual basis for such contention.

3. Provide the following information with respect to each payment made under the

Note since its inception: (a) the date such payment was made; (b) the amount of such payment; (c)

the individuals involved in making such payment or causing such payment to be made; (d) the

account from which such payment was made; and (e) the method by which such payment was

made.

4. Describe in detail all steps the Debtor took, including by identifying every

individual involved, to evaluate the Note, the December Payment, the January Payment, and/or the

alleged default.

5. Describe in detail all steps the Debtor took, including by identifying every individual involved, to evaluate the Debtor's obligations to make a payment or cause a payment

to be made under the Note on NexPoint's behalf.

6. Identify all records the Debtor kept regarding services the Debtor provided to

NexPoint under the Shared Services Agreement with respect to the Note, and indicate whether

such records identify what employee(s) provided services, when such services were provided, and

how much time was spent providing such services.

7. For each request for admission above that the Debtor did not unequivocally admit,

explain the factual and legal basis for not doing so.

IV. REQUESTS FOR PRODUCTION

1. All Communications pursuant to which any director, officer, or employee of the

Debtor was advised or instructed not to make the December Payment or to cause the December

Payment to be made.

2. All Communications between directors, officers, and/or employees of the Debtor

related to the Note.

3. All Communications between directors, officers, and/or employees of the Debtor

related to any and all defaults under the Note.

4. All Communications between directors, officers, and/or employees of the Debtor

related to the December Payment.

5. All Communications between directors, officers, and/or employees of the Debtor

related to prior payments the Debtor made or caused to be made on NexPoint's behalf under the

Note.

6. All Communications between directors, officers, and/or employees of the Debtor related to the January Payment.

7. All Communications with third parties related to the Note.

8. All Communications with third parties related to the December Payment.

9. All Communications with third parties related to the January Payment.

10. All Communications with third parties related to prior payments the Debtor made or caused to be made on NexPoint's behalf under the Note.

11. All Communications with third parties related to any and all defaults under the Note.

12. All Communications with the Committee (including, but not limited to, Communications solely between counsel for the Debtor and the Committee) related to the Note, any and all defaults under the Note, the December Payment, the January Payment, and/or the Default Letters.

13. All ledgers, statements, and accounting records related to payments made under the Note to date.

14. All Documents pursuant to which the Debtor was authorized and/or required to make payments or cause payments to be made on NexPoint's behalf under the Note.

15. All Documents and Communications pursuant to which the Debtor contends it was relieved of its obligation to make payments or cause payments to be made under the Note on NexPoint's behalf pursuant to the Shared Services Agreement.

16. All Communications related to potentially marketing and/or selling the Note.

17. The Shared Services Agreement, including all amendments and supplements thereto, whether informal or formal, regardless of how documented.

18. All Documents and Communications construing the Debtor's obligations to NexPoint under the Shared Services Agreement.

19. All Documents and Communications related to the scope of the Debtor's obligations to NexPoint under the Shared Services Agreement.

20. All Documents and Communications identified in connection with Interrogatory 6 above.

21. All billing statements from Pachulski Stang Ziehl & Jones LLP and Hayward PLLC related to fees the Debtor seeks to collect in the Adversary Proceeding.

RESPECTFULLY SUBMITTED this 31st day of March, 2021.

MUNSCH HARDT KOPF & HARR, P.C.

By: /s/ Julian P. Vasek

Davor Rukavina, Esq.
Texas Bar No. 24030781
Julian P. Vasek, Esq.
Texas Bar No. 24070790
500 N. Akard Street, Suite 3800
Dallas, Texas 75202-2790
Telaphone (214) 855 7500

Telephone: (214) 855-7500 Facsimile: (214) 978-4375 <u>drukavina@munsch.com</u> jvasek@munsch.com

COUNSEL FOR NEXPOINT ADVISORS, L.P.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that, on the 31st day of March, 2021, a true and correct copy of this document was electronically served via email on counsel for the Debtor (jpomerantz@pszjlaw.com; jmorriss@pszjlaw.com; zannable@haywardfirm.com), as well as by first class U.S. mail, postage prepaid to the following recipients:

Zachery Z. Annable HAYWARD PLLC 10501 N. Central Expy, Ste. 106 Dallas, Texas 75231

Jeffrey N. Pomerantz PACHULSKI STANG ZIEHL & JONES LLP 10100 Santa Monica Blvd., 13th Floor Los Angeles, CA 90067

/s/ Julian P. Vasek

Julian P. Vasek, Esq.

PACHULSKI STANG ZIEHL & JONES LLP

Jeffrey N. Pomerantz (CA Bar No. 143717) (admitted pro hac vice) Ira D. Kharasch (CA Bar No. 109084) (admitted pro hac vice) John A. Morris (NY Bar No. 266326) (admitted pro hac vice)

Gregory V. Demo (NY Bar No. 5371992) (admitted pro hac vice)

Hayley R. Winograd (NY Bar No. 5612569) (admitted pro hac vice)

10100 Santa Monica Blvd., 13th Floor

Los Angeles, CA 90067 Telephone: (310) 277-6910 Facsimile: (310) 201-0760

HAYWARD PLLC

Melissa S. Hayward Texas Bar No. 24044908 MHayward@HaywardFirm.com Zachery Z. Annable Texas Bar No. 24053075 ZAnnable@HaywardFirm.com 10501 N. Central Expy, Ste. 106 Dallas, Texas 75231

Tel: (972) 755-7100 Fax: (972) 755-7110

Counsel for the Debtor and Debtor-in-Possession

IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF TEXAS DALLAS DIVISION

In re:	§ §	Chapter 11
HIGHLAND CAPITAL MANAGEMENT, L.P.,1	§ §	Case No. 19-34054-sgj11
Debtor.	§ §	
HIGHLAND CAPITAL MANAGEMENT, L.P.,	 § §	
Plaintiff,	§ §	Adv. Proc. No. 21-03005
٧.	§	
NEXPOINT ADVISORS, L.P.,	§	
	§	
Defendant.	§	



¹ The Debtor's last four digits of its taxpayer identification number are (6725). The headquarters and service address for the above-captioned Debtor is 300 Crescent Court, Suite 700, Dallas, TX 75201.

DEBTOR'S AMENDED RESPONSES AND OBJECTIONS TO NEXPOINT ADVISORS, L.P.'S REQUESTS FOR ADMISSIONS, INTERROGATORIES, AND REQUESTS FOR PRODUCTION

Highland Capital Management, L.P., ("<u>Plaintiff</u>" or the "<u>Debtor</u>") hereby responds to *Defendant's Requests for Admissions, Interrogatories, and Requests for Production to Plaintiff* (the "<u>Requests</u>")² served by NexPoint Advisors, L.P. ("<u>NexPoint</u>" or "<u>Defendant</u>") in the above-captioned adversary proceeding (the "<u>Adversary Proceeding</u>"). The Debtor's amended responses and objections to the Requests (the "<u>Amended Responses</u>") are made pursuant to Federal Rules of Civil Procedure ("<u>FRCP</u>") 26, 33, and 34 as made applicable in bankruptcy cases pursuant to Federal Rules of Bankruptcy Procedure 7026, 7033, and 7034.

GENERAL OBJECTIONS

Unless otherwise specified, the following general objections and caveats are applicable to each and every Response and are incorporated into each Response as though set forth in full:

- 1. The Responses contained herein are based upon information presently known and ascertained by the Debtor.
- 2. The Debtor objects to the Requests to the extent they seek information or documents that are protected from discovery by the attorney-client privilege, the attorney work product doctrine or any other privilege or immunity. The inadvertent disclosure or production of any document that is protected from discovery by any privilege or immunity shall not constitute a waiver of any such privilege or immunity. All references in these objections and responses to the Debtor's agreement to produce documents shall be construed to mean non-privileged documents.
- 3. The Debtor objects to the Requests to the extent they request information that is not reasonably or readily available to it, in its possession, custody or control, or is more

² Capitalized terms not defined herein shall have the meanings set forth in the Requests.

readily available to NexPoint from another source or for which the burden of obtaining such information is not substantially greater for NexPoint than it is for the Debtor.

- 4. The Debtor objects to the Requests to the extent they call for legal conclusions and/or legal analyses.
- 5. All specific responses to the Requests are provided without waiver of, and with express reservation of (a) all objections as to competency, relevancy, materiality, and admissibility of the responses and the subject matter thereof as evidence for any purpose in any further proceedings in this matter; (b) all privileges, including the attorney-client privilege and work product doctrine; (c) the right to object to the use of such responses, or the subject matter thereof, on any ground in any further proceeding in this action; and (d) the right to object on any ground at any time to a demand or request for further responses to these or any other discovery requests or other discovery proceedings.
- 6. The Debtor objects to the Requests to the extent they seek to expand on or conflict with Federal Rules of Civil Procedure, the Federal Rules of Bankruptcy Procedure and/or the Local Rules of the Bankruptcy Court for the Northern District of Texas.
- 7. The Debtor's agreement to produce documents with respect to a specific Request shall not be construed as a representation that such documents actually exist or are within Plaintiff's possession, custody or control.
- 8. These General Objections and Responses shall be deemed to be incorporated by reference into the Specific Responses and Objections set forth below.

RESPONSES TO REQUESTS FOR ADMISSIONS

REQUEST FOR ADMISSION NO. 1:

Admit that the Debtor was responsible for making payments under the Note on NexPoint's behalf pursuant to the Shared Services Agreement.

RESPONSE TO REQUEST FOR ADMISSION NO. 1:

The Debtor denies Request for Admission No. 1 on the ground that the Shared Services Agreement does not provide that the Debtor was responsible for making payments under the Note.

REQUEST FOR ADMISSION NO. 2:

Admit that the Debtor was responsible for causing payments to be made under the Note on NexPoint's behalf pursuant to the Shard Services Agreement.

RESPONSE TO REQUEST FOR ADMISSION NO. 2:

The Debtor denies Request for Admission No. 2 on the ground that the Shared Services Agreement does not provide that Debtor was responsible for causing payments to be made under the Note.

REQUEST FOR ADMISSION NO. 3:

Admit that the Debtor did not make the December Payment on NexPoint's behalf.

RESPONSE TO REQUEST FOR ADMISSION NO. 3:

Admit, providing that NexPoint did not request that any such payment be made, and providing also that when the Debtor received instruction from NexPoint to make a payment during January 2021, it did make the payment.

REQUEST FOR ADMISSION NO. 4:

Admit that the Debtor did not cause the December Payment to be made on NexPoint's behalf.

RESPONSE TO REQUEST FOR ADMISSION NO. 4:

Admit, providing also that when the Debtor received instruction from NexPoint to cause a payment to be made during January 2021, it did so.

REQUEST FOR ADMISSION NO. 5:

Admit that, pursuant to the Shared Services Agreement, the Debtor made a payment on the Debtor's behalf under the Note on or about December 31, 2018.

RESPONSE TO REQUEST FOR ADMISSION NO. 5:

The Debtor admits that it made a payment on NexPoint's behalf, and at NexPoint's request and instruction, under the Note on or about December 31, 2018. The Debtor otherwise denies Request for Admission No. 5 on the grounds that the Shared Services Agreement speaks for itself and the Debtor did not make any payment on its own behalf.

REQUEST FOR ADMISSION NO. 6:

Admit that, pursuant to the Shared Services Agreement, the Debtor caused a payment to be made on the Debtor's behalf under the Note on or about December 31, 2018.

RESPONSE TO REQUEST FOR ADMISSION NO. 6:

The Debtor admits that it caused a payment to be made on NexPoint's behalf, and at NexPoint's request and instruction, under the Note on or about December 31, 2018. The Debtor otherwise denies Request for Admission No. 6 on the grounds that the Shared Services Agreement speaks for itself and the Debtor did not make any payment on its own behalf.

REQUEST FOR ADMISSION NO. 7:

Admit that, pursuant to the Shared Services Agreement, the Debtor made a payment on the Debtor's behalf under the Note on or about December 31, 2019.

RESPONSE TO REQUEST FOR ADMISSION NO. 7:

The Debtor admits that it made a payment on NexPoint's behalf, and at NexPoint's request and instruction, under the Note on or about December 31, 2019. The Debtor otherwise denies Request for Admission No. 7 on the grounds that the Shared Services Agreement speaks for itself and the Debtor did not make any payment on its own behalf.

REQUEST FOR ADMISSION NO. 8:

Admit that, pursuant to the Shared Services Agreement, the Debtor made a payment on the Debtor's behalf under the Note on or about December 31, 2019.

RESPONSE TO REQUEST FOR ADMISSION NO. 8:

The Debtor admits that it caused a payment to be made on NexPoint's behalf, and at NexPoint's request and instruction, under the Note on or about December 31, 2019. The Debtor otherwise denies Request for Admission No. 8 on the grounds that the Shared Services Agreement speaks for itself and the Debtor did not make any payment on its own behalf.

REQUEST FOR ADMISSION NO. 9:

Admit that, prior to the alleged default on December 31, 2020, NexPoint never defaulted under the Note.

RESPONSE TO REQUEST FOR ADMISSION NO. 9:

Admit.

OBJECTIONS AND RESPONSES TO INTERROGATORIES

INTERROGATORY NO. 1:

If the Debtor contends that it was not responsible for making payments under the Note on NexPoint's behalf pursuant to the Shared Services Agreement, explain the legal and factual basis for such contention.

RESPONSE TO INTERROGATORY NO. 1:

The Debtor objects to Interrogatory No. 1 on the ground that it seeks a legal conclusion or legal analysis. Subject to its objection, the Shared Services Agreement did not require that the Debtor to make payments under the Note on NexPoint's behalf. The Debtor further states that after the Debtor sent NexPoint the Default Letters, NexPoint did not contend that the Debtor was required to make payments under the Note on NexPoint's behalf. The Debtor's personnel processed the January Payment upon instruction from NexPoint.

INTERROGATORY NO. 2:

If the Debtor contends that it was not responsible for causing payments to be made under the Note on NexPoint's behalf pursuant to the Shared Services Agreement, explain the legal and factual basis for such contention.

RESPONSE TO INTERROGATORY NO. 2:

The Debtor objects to Interrogatory No. 2 on the ground that it seeks a legal conclusion or legal analysis. Subject to its objection, the Shared Services Agreement did not provide that the Debtor was responsible for causing payments to be made under the Note. The Debtor further states that after the Debtor sent NexPoint the Default Letters, NexPoint did not contend that the Debtor was required to make payments under the Note on NexPoint's behalf. The Debtor's personnel caused the January Payment to be processed upon instruction from NexPoint.

INTERROGATORY NO. 3:

Provide the following information with respect to each payment made under the Note since its inception: (a) the date such payment was made; (b) the amount of such payment; (c) the individuals involved in making such payment or causing such payment to be made; (d) the account from which such payment was made; and (e) the method by which such payment was made.

RESPONSE TO INTERROGATORY NO. 3:

See Exhibit A.

INTERROGATORY NO. 4:

Describe in detail all steps the Debtor took, including by identifying every individual involved, to evaluate the Note, the December Payment, the January Payment, and/or the alleged default.

RESPONSE TO INTERROGATORY NO. 4:

The Debtor objects to Interrogatory No. 4 on the grounds that it calls for a legal conclusion or legal analysis, is vague and ambiguous, and is overly broad and unduly burdensome. *See* Fed. R. Civ. P. 26(b)(1). Subject to its objection, the Debtor identifies the following individuals and entity in response to Interrogatory No. 4:

Jim Seery

Greg Demo

John Morris

Frank Waterhouse

Kristin Hendrix

DSI Consulting

INTERROGATORY NO. 5:

Describe in detail all steps the Debtor took, including by identifying every individual involved, to evaluate the Debtor's obligations to make a payment or cause a payment to be made under the Note on NexPoint's behalf.

RESPONSE TO INTERROGATORY NO. 5:

The Debtor objects to Interrogatory No. 5 on the grounds that it assumes the Debtor was obligated to make payments or cause a payment to be made under the Note on NexPoint's behalf.

The Debtor further objects on the grounds that it calls for a legal conclusion or analysis, and is

DOCS NY:43039.4 36027/002

overly broad and unduly burdensome. *See* Fed. R. Civ. P. 26(b)(1). Subject to its objection, the Debtor identifies the following individuals and entity in response to Interrogatory No. 5:

Jim Seery

Greg Demo

John Morris

Frank Waterhouse

Kristin Hendrix

Blair Hillis

DSI Consulting

INTERROGATORY NO. 6:

Identify all records the Debtor kept regarding services the Debtor provided to NexPoint under the Shared Services Agreement with respect to the Note, and indicate whether such records identify what employee(s) provided services, when such services were provided, and how much time was spent providing such services.

RESPONSE TO INTERROGATORY NO. 6:

The Debtor does not possess information responsive to Interrogatory No. 6.

INTERROGATORY NO. 7:

For each request for admission above that the Debtor did not unequivocally admit, explain the factual and legal basis for not doing so.

RESPONSE TO INTERROGATORY NO. 7:

The Debtor objects to Interrogatory No. 7 on the grounds that it calls for a legal analysis or legal conclusion, and is overly broad and unduly burdensome. *See* Fed. R. Civ. P. 26(b)(1).

SPECIFIC OBJECTIONS AND RESPONSES TO DOCUMENT REQUESTS

REQUEST FOR PRODUCTION NO. 1:

All Communications pursuant to which any director, officer, or employee of the Debtor was advised or instructed not to make the December Payment or to cause the December Payment to be made.

RESPONSE TO REQUEST FOR PRODUCTION NO. 1:

Subject to the General Objections, the Debtor is unaware of any documents responsive to Request for Production No. 1. Any Communications responsive to Request for Production No. 1 were verbal.

REQUEST FOR PRODUCTION NO. 2:

All Communications between directors, officers, and/or employees of the Debtor related to the Note.

RESPONSE TO REQUEST FOR PRODUCTION NO. 2:

Subject to the General Objections, the Debtor will search for and produce documents responsive to Request for Production No. 2.

REQUEST FOR PRODUCTION NO. 3:

All Communications between directors, officers, and/or employees of the Debtor related to any and all defaults under the Note.

RESPONSE TO REQUEST FOR PRODUCTION NO. 3:

Subject to the General Objections, the Debtor will search for and produce documents responsive to Request for Production No. 3.

REQUEST FOR PRODUCTION NO. 4:

All Communications between directors, officers, and/or employees of the Debtor related to the December Payment.

RESPONSE TO REQUEST FOR PRODUCTION NO. 4:

Subject to the General Objections, the Debtor will search for and produce documents responsive to Request for Production No. 4.

REQUEST FOR PRODUCTION NO. 5:

All Communications between directors, officers, and/or employees of the Debtor related to prior payments the Debtor made or caused to be made on NexPoint's behalf under the Note.

RESPONSE TO REQUEST FOR PRODUCTION NO. 5:

Subject to the General Objections, the Debtor will search for and produce documents responsive to Request for Production No. 5.

REQUEST FOR PRODUCTION NO. 6:

All Communications between directors, officers, and/or employees of the Debtor related to the January Payment.

RESPONSE TO REQUEST FOR PRODUCTION NO. 6:

Subject to the General Objections, the Debtor will search for and produce documents responsive to Request for Production No. 6.

REQUEST FOR PRODUCTION NO. 7:

All Communications with third parties related to the Note.

RESPONSE TO REQUEST FOR PRODUCTION NO. 7:

Subject to the General Objections, the Debtor will search for and produce documents responsive to Request for Production No. 7.

REQUEST FOR PRODUCTION NO. 8:

All Communications with third parties related to the December Payment.

RESPONSE TO REQUEST FOR PRODUCTION NO. 8:

Subject to the General Objections, the Debtor will search for and produce documents responsive to Request for Production No. 8.

REQUEST FOR PRODUCTION NO. 9:

All Communications with third parties related to the January Payment.

RESPONSE TO REQUEST FOR PRODUCTION NO. 9:

Subject to the General Objections, the Debtor will search for and produce documents responsive to Request for Production No. 9.

REQUEST FOR PRODUCTION NO. 10:

All Communications with third parties related to prior payments the Debtor made or caused to be made on NexPoint's behalf under the Note.

RESPONSE TO REQUEST FOR PRODUCTION NO. 10:

Subject to the General Objections, the Debtor will search for and produce documents responsive to Request for Production No. 10.

REQUEST FOR PRODUCTION NO. 11:

All Communications with third parties related to any and all defaults under the Note.

RESPONSE TO REQUEST FOR PRODUCTION NO. 11:

Subject to the General Objections, the Debtor will search for and produce documents responsive to Request for Production No. 11.

REQUEST FOR PRODUCTION NO. 12:

All Communications with the Committee (including, but not limited to, Communications solely between counsel for the Debtor and the Committee) related to the Note, any and all defaults under the Note, the December Payment, the January Payment, and/or the Default Letters.

RESPONSE TO REQUEST FOR PRODUCTION NO. 12:

Subject to the General Objections, the Debtor will search for and produce documents responsive to Request for Production No. 12.

REQUEST FOR PRODUCTION NO. 13:

All ledgers, statements, and accounting records related to payments made under the Note to date.

RESPONSE TO REQUEST FOR PRODUCTION NO. 13:

Subject to the General Objections, the Debtor will search for and produce documents responsive to Request for Production No. 13.

REQUEST FOR PRODUCTION NO. 14:

All Documents pursuant to which the Debtor was authorized and/or required to make payments or cause payments to be made on NexPoint's behalf under the Note.

RESPONSE TO REQUEST FOR PRODUCTION NO. 14:

The Debtor objects to Request for Production No. 14 to the extent that it assumes that the Debtor was required to make payments or cause payments to be made on NexPoint's behalf under the Note. Subject to its General and Specific Objections, the Debtor is not aware of documents otherwise responsive to Request for Production No. 14.

REQUEST FOR PRODUCTION NO. 15:

All Documents and Communications pursuant to which the Debtor contends it was relieved of its obligation to make payments or cause payments to be made under the Note on NexPoint's behalf pursuant to the Shared Services Agreement.

RESPONSE TO REQUEST FOR PRODUCTION NO. 15:

The Debtor objects to Request for Production No. 15 to the extent that it assumes that the Debtor was obligated to make payments or cause payments to be made on NexPoint's behalf under the Note. Subject to its General and Specific Objections, the Debtor is not aware of documents otherwise responsive to Request for Production No. 15.

REQUEST FOR PRODUCTION NO. 16:

All Communications related to potentially marketing and/or selling the Note.

RESPONSE TO REQUEST FOR PRODUCTION NO. 16:

The Debtor objects to Request for Production No. 16 on the ground that it is not "relevant to any party's claim or defense." Fed. R. Civ. P. 26(b)(1).

REQUEST FOR PRODUCTION NO. 17:

The Shared Services Agreement, including all amendments and supplements thereto, whether informal or formal, regardless of how documented.

RESPONSE TO REQUEST FOR PRODUCTION NO. 17:

Subject to the General Objections, the Debtor will search for and produce documents responsive to Request for Production No. 17.

REQUEST FOR PRODUCTION NO. 18:

All Documents and Communications construing the Debtor's obligations to NexPoint under the Shared Services Agreement.

RESPONSE TO REQUEST FOR PRODUCTION NO. 18:

The Debtor objects to Request for Production No. 18 on the ground that it is vague and ambiguous, overly broad, and not proportional to the needs of the case. *See* Fed. R. Civ. P. 26(b)(1).

REQUEST FOR PRODUCTION NO. 19:

All Documents and Communications related to the scope of the Debtor's obligations to NexPoint under the Shared Services Agreement.

RESPONSE TO REQUEST FOR PRODUCTION NO. 19:

The Debtor objects to Request for Production No. 19 on the ground that it is overly broad, unduly burdensome, and not proportional to the needs of the case. *See* Fed. R. Civ. P. 26(b)(1).

REQUEST FOR PRODUCTION NO. 20:

All Documents and Communications identified in connection with Interrogatory 6 above.

RESPONSE TO REQUEST FOR PRODUCTION NO. 20:

The Debtor objects to Request for Production No. 20 on the ground that it is not aware of any such documents. Subject to the General and Specific Objections, the Debtor will search for and produce documents responsive to Request for Production No. 20.

REQUEST FOR PRODUCTION NO. 21:

All billing statements from Pachulski Stang Ziehl & Jones LLP and Hayward PLLC related to fees the Debtor seeks to collect in the Adversary Proceeding.

RESPONSE TO REQUEST FOR PRODUCTION NO. 21:

Subject to the General Objections, the Debtor will search for and produce documents responsive to Request for Production No. 21.

Dated: May 11, 2021

PACHULSKI STANG ZIEHL & JONES LLP

Jeffrey N. Pomerantz (CA Bar No. 143717)

(admitted pro hac vice)

Ira D. Kharasch (CA Bar No. 109084)

(admitted pro hac vice)

John A. Morris (NY Bar No. 266326)

(admitted pro hac vice)

Gregory V. Demo (NY Bar No. 5371992)

(admitted pro hac vice)

Hayley R. Winograd (NY Bar No. 5612569)

(admitted pro hac vice)

10100 Santa Monica Blvd., 13th Floor

Los Angeles, CA 90067 Telephone: (310) 277-6910 Facsimile: (310) 201-0760

E-mail: jpomerantz@pszjlaw.com

ikharasch@pcszjlaw.com jmorris@pszjlaw.com gdemo@pszjlaw.com hwinograd@pszjlaw.com

-and-

HAYWARD PLLC

/s/ Zachery Z. Annable

Melissa S. Hayward Texas Bar No. 24044908

MHayward@HaywardFirm.com

Zachery Z. Annable

Texas Bar No. 24053075

ZAnnable@HaywardFirm.com

10501 N. Central Expy, Ste. 106

Dallas, Texas 75231 Tel: (972) 755-7100

Fax: (972) 755-7110

15

Counsel for Highland Capital Management, L.P.

EXHIBIT A

Response to Interrogatory No. 3

NexPoint Advisors

Note Receivable Payment Summary

Payment Date	Total Paid	Total Paid Pmt Account	Pmt Method	Individuals involved in Making Pmt
10/20/2017	800,000.00	800,000.00 NexBank Operating Acct *171	Electronic Bank Transfer	Frank Waterhouse, Dave Klos, Kristin Hendrix, Blair Roeber
12/5/2017	1,301,504.99	NexBank Operating Acct *171	Electronic Bank Transfer	Frank Waterhouse, Dave Klos, Kristin Hendrix, Blair Roeber
4/10/2018	439,721.54	439,721.54 NexBank Operating Acct *171	Electronic Bank Transfer	Frank Waterhouse, Dave Klos, Kristin Hendrix, Blair Roeber
5/1/2018	146,573.85	146,573.85 NexBank Operating Acct *171	Electronic Bank Transfer	Frank Waterhouse, Dave Klos, Kristin Hendrix, Blair Roeber
5/9/2018	879,927.65	879,927.65 NexBank Operating Acct *171	Electronic Bank Transfer	Frank Waterhouse, Dave Klos, Kristin Hendrix, Blair Roeber
9/5/2018	280,765.40	280,765.40 NexBank Operating Acct *171	Electronic Bank Transfer	Frank Waterhouse, Dave Klos, Kristin Hendrix, Blair Roeber
9/21/2018	1,023,750.00	1,023,750.00 NexBank Operating Acct *171	Electronic Bank Transfer	Frank Waterhouse, Dave Klos, Kristin Hendrix, Blair Roeber
12/18/2018	294,695.10	NexBank Operating Acct *171	Electronic Bank Transfer	Frank Waterhouse, Dave Klos, Kristin Hendrix, Blair Roeber
3/29/2019	750,000.00	NexBank Operating Acct *171	Electronic Bank Transfer	Frank Waterhouse, Dave Klos, Kristin Hendrix, Blair Roeber
4/16/2019	1,300,000.00	NexBank Operating Acct *171	Electronic Bank Transfer	Frank Waterhouse, Dave Klos, Kristin Hendrix, Blair Roeber
6/4/2019	300,000.00	NexBank Operating Acct *171	Electronic Bank Transfer	Frank Waterhouse, Dave Klos, Kristin Hendrix, Blair Roeber
6/19/2019	2,100,000.00	NexBank Operating Acct *171	Electronic Bank Transfer	Frank Waterhouse, Dave Klos, Kristin Hendrix, Blair Roeber
7/9/2019	630,000.00	NexBank Operating Acct *171	Electronic Bank Transfer	Frank Waterhouse, Dave Klos, Kristin Hendrix, Blair Roeber
8/13/2019	1,300,000.00	.,300,000.00 NexBank Operating Acct *171	Electronic Bank Transfer	Frank Waterhouse, Dave Klos, Kristin Hendrix, Blair Roeber
12/30/2019	530,112.36	530,112.36 NexBank Operating Acct *171	Electronic Bank Transfer	Frank Waterhouse, Dave Klos, Kristin Hendrix, Blair Roeber
1/14/2021	1,406,111.92	1,406,111.92 NexBank Operating Acct *171	Electronic Bank Transfer	Frank Waterhouse, Dave Klos, Kristin Hendrix, Blair Roeber

Davor Rukavina Julian P. Vasek MUNSCH HARDT KOPF & HARR, P.C. 500 N. Akard Street, Suite 3800 Dallas, Texas 75202-2790 (214) 855-7500 telephone (214) 978-4375 facsimile Email: drukavina@munsch.com

ATTORNEYS FOR NEXPOINT ADVISORS, L.P.

IN THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF TEXAS DALLAS DIVISION

In re:	- 8	
	§	Chapter 11
HIGHLAND CAPITAL MANAGEMENT, L.P.,	§	1
	§	Case No. 19-34054-sgj11
Debtor.	§	
	_ §	
HIGHLAND CAPITAL MANAGEMENT, L.P.,	§	
	§	
Plaintiff,	§	Adversary Proceeding No.
	§	
VS.	§	21-03005-sgj
	§	
NEXPOINT ADVISORS, L.P., JAMES	§	
DONDERO, NANCY DONDERO, AND THE	§	
DUGABOY INVESTMENT TRUST,	§	
	§	
Defendants.	_ §	

NOTICE OF EXPERT REPORT OF STEVEN J. PULLY

NexPoint Advisors, L.P., one of the defendants in the above styled and numbered Adversary Proceeding, hereby serves upon all parties the *Expert Report of Steven J. Pully, CPA, CFA, Esq.*, a true, correct, and full copy of which is attached hereto.

Dated at Dallas, Texas this the 10th day of December, 2021.

MUNSCH HARDT KOPF & HARR, P.C.

By: /s/ Davor Rukavina

Davor Rukavina

State Bar No. 24030781

Julian P. Vasek.

State Bar No. 24070790

500 N. Akard Street, Suite 3800

Dallas, Texas 75202-2790

Telephone: (214) 855-7500

Facsimile: (214) 978-4375

Email: drukavina@munsch.com Email: jvasek@munsch.com

ATTORNEYS FOR NEXPOINT ADVISORS, L.P.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that, on December 10th, 2021, a true and correct copy of the foregoing document, including the exhibit thereto, was served via the Court's CM/ECF system on parties entitled to notice thereof, including on counsel for the Debtor/Plaintiff.

/s/ Davor Rukavina

Davor Rukavina

IN THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF TEXAS DALLAS DIVISION

In re:	S Chantan 11
HIGHLAND CAPITAL	§ Chapter 11§
MANAGEMENT, L.P.,	§ Case No. 19-34054-sgj11
,	§
Debtor.	§
	§
HIGHLAND CAPITAL	§
MANAGEMENT, L.P.,	§
District	§
Plaintiff,	% % %
VS.	8
, 5.	° 8
NEXPOINT ADVISORS, L.P., JAMES	§ Adversary Proceeding No.
DONDERO, NANCY DONDERO, AND	§ 21-03005
THE DUGABOY INVESTMENT	§
TRUST,	8
Defendants.	\$ \$ \$ \$
Defendants.	§
HIGHLAND CAPITAL	§ Adversary Proceeding No.
MANAGEMENT SERVICES, INC.,	§ 21-03006
JAMES DONDERO, NANCY	§
DONDERO, AND THE DUGABOY	§
INVESTMENT TRUST,	§
Defendants.	§ 8
Defendants.	§ §
HCRE PARTERS, LLC (N/K/A/	§ Adversary Proceeding No.
NEXPOINT REAL ESTATE	§ 21-03007
PARTNERS, LLC), JAMES DONDERO,	
NANCY DONDERO, AND THE	§
DUGABOY INVESTMENT TRUST,	% % %
Defendants.	§ §
Defendants.	8

EXPERT REPORT OF STEVEN J. PULLY, CPA, CFA, ESQ.

December 10, 2021

Confidential

TABLE OF CONTENTS

I.	BACKGROUND AND QUALIFICATIONS	. 3
II.	ENGAGEMENT	. 6
III.	BRIEF SUMMARY OF OPINIONS	. 7
IV.	ASSUMPTIONS	. 7
	SERVICES AGREEMENTS GENERALLY	
VI.	OPINIONS	15
VII.	CONCLUSION	21

I. <u>BACKGROUND AND QUALIFICATIONS</u>

- 1. My professional background includes over thirty-six years of experience as an investment banker, corporate board member, corporate executive, hedge fund executive, attorney, consultant, and expert witness.
- 2. I graduated with honors from Georgetown University in 1982 with a BSBA in Accounting, and I graduated from The University of Texas at Austin in 1985 with a Doctor of Jurisprudence degree. I hold the Chartered Financial Analyst (CFA) designation and am a licensed CPA and attorney in the State of Texas. I also hold the Series 7, 63, and 79 FINRA securities licenses¹. My CFA designation and my law, CPA, and FINRA licenses are all current.
- 3. I currently work as a corporate executive, as a corporate board member, as an investment banker, and as an expert witness.
 - a. I work on a part-time basis as the Chief Executive Officer of Harvest Oil & Gas, a former public company that is in the process of dissolving. I was Chairman of the Board of Harvest before assuming the Chief Executive Officer role. Until recently, Harvest was largely managed by another company pursuant to a services agreement. When the services agreement was entered into, the services provider and the predecessor of Harvest were affiliates, which they ceased to be during the term of the agreement. Services provided under the agreement included treasury, accounting, and operating functions. One of my roles as Chief Executive Officer is to replace the former service provider by bringing most business functions inhouse.
 - b. I currently serve on the boards of seven private companies. I am typically appointed to boards by large shareholders. In total, I have been on the boards of thirty-two public and private companies. Those companies have operated in a broad cross section of industries, including agriculture, aviation, energy, entertainment, manufacturing, real estate, refining, retail, restaurants, technology, and telecom. I have served on the boards of companies that have outsourced most of their corporate functions or provided outsourcing services for other companies.
 - c. I conduct my investment banking work through Speyside Partners, LLC ("Speyside Partners"), an entity that I co-founded.² At Speyside I work on mergers, acquisitions and divestitures, financings, and restructurings.
- 4. Through the end of 2014, I spent thirteen years working for two different hedge funds. I was the General Counsel and a partner of Carlson Capital, the most recent hedge fund for which I worked. Carlson Capital managed approximately \$9 billion across a number of different funds during much of my tenure and followed a multi-strategy investing approach. Prior to working at Carlson Capital, I worked for Newcastle Capital Management, a hedge fund that pursued a deep value and activist investment strategy. I was the President of Newcastle Capital

.

¹ I formerly held the Series 24 FINRA license.

² The website for Speyside Partners is www.speysidepartners.com.

Management and worked there for almost six years. Newcastle Capital Management managed as much as \$650 million across a variety of funds while I was employed there. During my tenure, I served as the Chief Executive Officer of two companies controlled by the firm. Both Carlson Capital and Newcastle Capital Management had "shared-services" arrangements, where a separate entity provided a variety of back office, mid-office, and front office services to an affiliated party.

- 5. Prior to becoming a hedge fund executive, I was an investment banker for approximately twelve years at various large firms, including as a Managing Director for Bank of America Securities and as a Senior Managing Director for Bear Stearns. I also worked as an investment banker at Kidder Peabody, PaineWebber, and Wasserstein Perella. Over the course of my work at large investment banking firms, I focused on mergers, acquisitions, divestitures, capital raising, and restructurings.
- 6. Prior to becoming an investment banker, I was a securities and corporate lawyer for almost four years at Baker Botts.
- 7. Based on the work that I have done over the past thirty-six years, I have developed a deep understanding of services agreements and outsourcing generally as well as corporate governance-related matters. I applied the knowledge and experience that I have gained over the past thirty-six years to my analysis in this report.
- 8. I have previously served as a testifying and/or consulting witness in the following actions:
 - a. Ascent Resources Utica, LLC (f/k/a American Energy Utica, LLC); Ascent Resources, LLC (f/k/a American Energy Appalachia Holdings, LLC); Ascent Resources Utica Holdings, LLC (f/k/a American Energy Ohio Holdings, LLC); The Energy & Minerals Group Fund III, LP; EMG Fund III Offshore Holdings, LP; FR AEU Holdings, LLC and FR AE Marcellus Holdings, LLC v. Duane Morris LLP, in the 165th Judicial District Court of Harris County, Cause No. 2015-46550) Consulting and Testifying witness for Plaintiffs.
 - b. *In re Paladin Energy Corp.*, Case No. 16-13590, in the United States Bankruptcy Court for the Northern District of Texas, Dallas Division Consulting and Testifying witness for Debtor.
 - c. In re: Potential Complaint Against Larry Noble, Noble Operating, LLC, Noble Natural Resources, L.L.C. and Javier Urias to Avoid Transfers Testifying witness for Potential Defendants.
 - d. James D. Sallah, not individually but solely in his capacity as Corporate Monitor for OM Global Investment Fund LLC and OM Global LP, Plaintiff, v. BGT Consulting, LLC, d/b/a BGT Fund Administration, and Lara Goldberg, Defendants Testifying witness on behalf of Defendants BGT Consulting, LLC, d/b/a BGT Fund Administration and Lara Goldberg.
 - e. Kenneth A. Kristofek, Gruene Interests, LLC and Gruene Interests Services, LLC, Gran Toro Rojo, LLC, and Gruene USFC, LLC, v. David Gunderson, Horace Winchester, Stan

Bradshaw, and Jerry Williamson, Gruenepointe Holdings, LLC, Adora 8, LLC, Adora 9, LLC, Adora 10, LLC, Adora 14 Realty, LLC, Onpointe Healthcare Development, LLC, U.S. Freedom Capital Holdings, LLC, Lake Ohana, LLC, U.S. Freedom Capital, LLC, and Encantado Investments, LLC, in the District Court of Dallas County, Texas, No. DC-16-07674 — Testifying witness on behalf of Plaintiffs.

- f. *In re SunEdison Securities Litigation*, in the U.S. District Court for the Southern District of New York, 16-md-2742-PKC Testifying witness on behalf of Plaintiffs.
- g. Avid Controls, Inc. v. GE Energy Power Conversion Technology, Ltd.; General Electric Company; and Current Power Solutions, Inc., In the United States District Court for the Southern District of Texas Houston Division, Civil Action No. 4:19-CV-01076 Testifying witness on behalf of Plaintiff.
- h. Lumos Partners, LLC, Claimant v. VAC-TRON EQUIPMENT, L.L.C., Respondent, In Arbitration before the American Arbitration Association Testifying witness on behalf of Claimant.
- Lord Abbett Affiliated Fund, Inc., et al., Individually and On Behalf of All Others Similarly Situated, Plaintiffs, v. Navient Corporation, et al., Defendants, Case No. 1:16-cv-112-GMS, in the United States District Court for the District of Delaware, Case No. 1:16-cv-112-MN — Testifying witness on behalf of Plaintiff.
- j. Southland National Insurance Corporation in Rehabilitation, Bankers Life Insurance Company in Rehabilitation, Colorado Bankers Life Insurance Company in Rehabilitation, and Southland National Reinsurance Corporation in Rehabilitation, Plaintiffs, v. Greg E. Lindberg, Academy Association, Inc., Edwards Mill Asset Management, LLC, New England Capital, LLC and Private Bankers Life and Annuity Co., Ltd., Defendants, in the General Court of Justice Superior Court Division, 19 CV 13093 —Testifying witness on behalf of Defendants.
- k. Baylor University and Southwestern Baptist Theological Seminary, Plaintiffs, v. Harold E. Riley Foundation and Mike C. Hughes, Defendants, in the District Court of Tarrant County, Texas, 67th Judicial District Testifying witness on behalf of Defendants.
- Advsr, LLC, Plaintiff, v. Magisto, Ltd. And Yahal Zilka, Defendants, in the United States
 District Court, Northern District of California, San Francisco Division, Case No. 3:19-cv2670 Testifying witness on behalf of Defendants.
- m. Lumos Partners, LLC, Claimant v. Altavian, Inc., In Arbitration before the American Arbitration Association Testifying witness on behalf of Claimant.
- n. Fouad Saade; and Kobi Electric, LLC, Claimants, v. Woodbridge International LLC, f/k/a Woodbridge Group, LLC; and Texender "Tex" Sekhon, Respondents, In Arbitration before the American Arbitration Association Testifying witness on behalf of Claimant.
- 9. I have attached a copy of my curriculum vitae as Exhibit A to this expert report ("Report").

II. ENGAGEMENT

- 10. Highland Capital Management, L.P., is the debtor in the bankruptcy proceeding, *In re: Highland Capital Management, L.P., Debtor*, and is referred to herein as the "Debtor" or the "Plaintiff." I have been engaged in the matters related to the bankruptcy proceeding that are listed below (collectively referred to as the "Actions").
 - a. HIGHLAND CAPITAL MANAGEMENT, L.P., Plaintiff, vs. NEXPOINT ADVISORS, L.P., JAMES DONDERO, NANCY DONDERO, AND THE DUGABOY INVESTMENT TRUST, Defendants, Adversary Proceeding No. 21-03005, as a consulting and testifying expert witness on behalf of NexPoint Advisors, L.P. ("NexPoint"), and James Dondero ("Dondero" and NexPoint are collectively referred to as the "NexPoint Defendants").
 - b. HIGHLAND CAPITAL MANAGEMENT, L.P., Plaintiff, vs. HIGHLAND CAPITAL MANAGEMENT SERVICES, INC., JAMES DONDERO, NANCY DONDERO, AND THE DUGABOY INVESTMENT TRUST, Defendants, Adversary Proceeding No. 21-03006, as a consulting and testifying expert witness on behalf of Highland Capital Management Services, Inc. ("HCMS"), and Dondero (Dondero and HCMS are collectively referred to as the "HCMS Defendants").
 - c. HIGHLAND CAPITAL MANAGEMENT, L.P., Plaintiff, vs. HCRE PARTERS, LLC (N/K/A/ NEXPOINT REAL ESTATE PARTNERS, LLC), JAMES DONDERO, NANCY DONDERO, AND THE DUGABOY INVESTMENT TRUST, Defendants, Adversary Proceeding No. 21-03007, as a consulting and testifying expert witness on behalf of HCRE Partners, LLC ("HCRE"), and Dondero (Dondero and HCRE are collectively referred to as the "HCRE Defendants").
 - d. The NexPoint Defendants, the HCMS Defendants, and the HCRE Defendants are collectively referred to as the "Defendants."
- 11. The Plaintiff has made claims against the Defendants for breach of contract, turnover of property, fraudulent transfer, and breach of fiduciary duty.
- 12. My engagement is through the law firms of Munsch Hardt Kopf & Harr, P.C. ("Munsch Hardt") and Stinson LLP ("Stinson"), which are acting as counsel to the Defendants. I am being compensated for my time at the rate of \$750.00 per hour. My compensation is not in any way contingent on (i) the opinions I express in this Report or any additional report, (ii) the content of any testimony I may give, or (iii) the outcome of the Action.
- 13. I have met with Dondero as well as D. J. Sauter, who is the General Counsel of NexPoint. I have also met with attorneys from counsel to the Defendants: Munsch Hardt, and Stinson.
- 14. I was asked to provide my opinion regarding whether it was appropriate for the Plaintiff to not pay the interest and principal on the Notes (as hereinafter defined) on behalf of NexPoint, HCMS and HCRE (collectively, the "Makers") by December 31, 2020.

III.BRIEF SUMMARY OF OPINIONS

- 15. I believe that the Plaintiff did not act reasonably by failing to pay amounts due on the Notes on behalf of the Makers by December 31, 2020, and otherwise in how it comported itself with respect to the Notes. Section 6.01 of the NexPoint Services Agreement (as hereinafter defined) sets forth a standard of care that the Plaintiff was supposed to comply with in paying the NexPoint Term Note; I also believe that each of the services agreements between the Plaintiff and the Makers required the Plaintiff to act in a reasonable way.
- 16. In forming my opinions and preparing this Report, I relied on all the materials listed in <u>Exhibit</u> <u>B</u> or otherwise cited herein as well as my background and personal experiences.
- 17. In offering my opinions, I am not opining on the legal enforceability of any agreements between the parties to the Actions.
- 18. I reserve the right to amend my Report should new information become available, including any assertions of the parties, witnesses, or any experts made in response to this Report.

IV. ASSUMPTIONS

- 19. The Debtor filed for bankruptcy on October 16, 2019. During the Debtor's bankruptcy, James Seery ("Seery") served as the Chief Executive Officer and/or Chief Restructuring Officer of the Debtor.
- 20. The Debtor was formerly managed by Dondero, who was the firm's co-founder and was its President until January 9, 2020, at which time he resigned all positions with the Debtor and also relinquished control of the Debtor.³ As of October 9, 2020, Dondero ceased to have any involvement as an officer or director of the Debtor.⁴ Dondero also testified that there was tension between Seery and him as well as Seery and others at Highland.⁵
- 21. During 2020, the relationship between Dondero and the Plaintiff became increasingly adversarial. For example, in addition to Dondero ceasing to have any involvement as an officer or director of the Plaintiff, there were various adversarial proceedings between the parties.⁶
- 22. NexPoint, HCMS and HCRE executed certain notes in favor of the Debtor as described below:
 - a. NexPoint executed a promissory note in the original principal amount of \$30,746,812.33, and payable in thirty annual installments beginning by December 31, 2017 (the "NexPoint Term Note"). The NexPoint Note was fully payable in

⁶ See, e.g., Id. at page 374, lines 6-9.

³ Dondero Deposition, Volume 2, Page 291, lines 9 − 12.

⁴ *Id.* at Page 374, lines 8 − 10.

⁵ *Id.* at page 87, lines 8 - 14.

Amended Complaint dated August 27, 2021 (the "NexPoint Amended Complaint"), filed by Highland Capital Management, L.P. as plaintiff against defendants, NexPoint Advisors, L.P., James Dondero, Nancy Dondero, and The Dugaboy Investment Trust at 2.

- the event of default.⁸ As of December 31, 2020, \$23,610,194.59 of principal remained outstanding on the NexPoint Term Note.⁹
- b. HCMS executed a term note in the original principal amount of \$20,247,628.02 and payable in thirty annual installments beginning on December 31, 2017 (the "HCMS Term Note"). The HCMS Term Note was fully payable in the event of default. 11
- c. HCRE executed a term note in the original principal amount of \$6,059,831.51 and payable in thirty annual installments beginning on December 31, 2017 (the "HCRE Term Note"). The HCRE Term Note was fully payable in the event of default. 13
- 23. The Debtor and the Makers were all involved in the investment management business, collectively managing billions of dollars on behalf of investors at various points over the course of their relationship with each other. At the time that the NexPoint Term Note, the HCMS Term Note, and the HCRE Term Note (collectively, the "Notes") were entered into, the Plaintiff, NexPoint, HCMS, and HCRE were all related parties as a result of overlapping equity ownership of the entities. As of December 31, 2020, NexPoint, HCMS, and HCRE ceased to have any overlapping equity ownership with the Plaintiff but continued to have overlapping ownership with each other.
- 24. The Plaintiff and NexPoint are parties to an Amended and Restated Shared Services Agreement dated January 1, 2018 (the "NexPoint Services Agreement") pursuant to which Plaintiff provided a broad array of services to NexPoint. NexPoint operated its business with a small number of employees, relying on Plaintiff's much larger workforce to provide many key services for NexPoint to run its business. The NexPoint Services Agreement details numerous areas where the Plaintiff was to provide services to NexPoint, with the Plaintiff essentially providing the entire workforce for most areas of NexPoint's business. The areas that the Plaintiff provided services to NexPoint were detailed under the following headings in the NexPoint Services Agreement: Back- and Middle-Office, Legal Compliance/Risk Analysis, Tax, Management of Clients and Accounts, Valuation, Execution and Documentation, Marketing, Reporting, Administrative Services, Ancillary Services, and Other. The NexPoint Services Agreement essentially covered all functional areas of NexPoint's business other than the executive and investment functions.

¹⁰ Amended Complaint dated August 27, 2021 ("HCMS Amended Complaint"), filed by Highland Capital Management, L.P. as plaintiff against defendants, Highland Capital Management Services, Inc., James Dondero, Nancy Dondero, and The Dugaboy Investment Trust at 2.

⁸ NexPoint Amended Complaint, Exhibit 3. Additionally, I am informed that there was the potential for forgiveness of the Notes in certain circumstances that had also not occurred by December 31, 2020.

⁹ D-NNI -074142.

¹¹ HCMS Amended Complaint, Exhibit 6.

¹² Amended Complaint dated August 27, 2021 ("HCRE Amended Complaint"), filed by Highland Capital Management, L.P. as plaintiff against defendants, HCRE Partners, LLC, James Dondero, Nancy Dondero, and The Dugaboy Investment Trust at 2.

¹³ HCRE Amended Complaint, Exhibit 6.

¹⁴ Amended and Restated Services Agreement dated January 1, 2018, Exhibit 9 to Seery Deposition.

 $^{^{15}}$ *Id.* at pages 3 - 5.

- 25. The NexPoint Services Agreement contains several provisions relating to the Plaintiff's obligation to make interest and principal payments on the NexPoint Term Note, including the following:
 - a. Section 2.02(a) details various "Back and Middle Office" tasks that the Plaintiff was responsible for performing on behalf of NexPoint. Those services included "payments," which encompassed payments of interest and principal on the NexPoint Term Note.
 - b. Section 2.02 (b) provided for the Plaintiff to provide "[a]ssistance and advice with respect to legal issues...". 18
 - c. Section 6.01 describes the standard of care that the Plaintiff was supposed to provide to NexPoint.¹⁹ The provision provides that the Plaintiff "shall discharge its duties under this Agreement with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims."
 - d. Section 8.01 required that any amendments or modifications to the agreement were required to be in writing and signed by each party.²⁰
 - e. Section 8.07 provided that any "condition or obligation imposed upon any Party may be waived only upon the written consent of the Parties."²¹
- 26. The Plaintiff first sought to provide notice of termination of the NexPoint Services Agreement in November of 2020, however, the termination date was extended²² and the NexPoint Services Agreement was still in effect as of December 31, 2020.
- 27. While there was no written agreement between either HCMS or HCRE, on the one hand, and the Plaintiff, on the other hand, relating to services that the Plaintiff was to supply to either party, the services that the Plaintiff provided to HCMS and HCRE were essentially the same services that the Plaintiff provided to NexPoint²³ and involved a comprehensive array of services that were necessary in the day-to-day operations of the business of HCMS and HCRE. Like with NexPoint, by December 31, 2020, there was a long history of the Plaintiff having provided services to HCMS and HCRE.²⁴

¹⁶ *Id.* at pages 3 - 4.

¹⁷ *Id.*, Section 2.02(a) provided, "Back- and Middle Office. Assistance and advice with respect to back- and middle-office functions including, but not limited to . . . finance and accounting, payments, operation, bookkeeping, cash management . . . accounts payable . . ."

¹⁸ *Id.* at page 4.

¹⁹ *Id.* at 11.

²⁰ *Id.* at 14.

²¹ *Id*. at 16.

²² Dondero Deposition, Volume 2, page 375, lines 3-10.

²³ See, e.g., Dondero Deposition, Volume 2, page 335, line 19 to page 336, line 13; Waterhouse Deposition, page 353, lines 6 - 10, page 357, lines 19 - 24.

²⁴ Dondero Deposition, Volume 2, page 94, lines 20 - 22; page 95, lines 4 - 9.

28. When asked about whether the Plaintiff had a services agreement with HCMS, Dondero replied as follows during his deposition²⁵:

My answer would be the advisors like NexPoint and HFAM that had to have by law and regulatory statute have to have formal sub advisors and shared services agreements had formal shared services agreement. Entities that didn't need to have formal written shared services agreements were often serviced similarly or -- or exactly the same as those entities, but without a written agreement, but with a verbal shared services agreement providing, again, all the same similar services, and the entities that didn't have a written shared services agreement ·weren't getting shared services or support from any other entities other than Highland doing the same thing for them that it did for the mutual funds.

- 29. Dondero had a similar response with regard to there being an oral agreement for the Plaintiff to provide services to HCRE.²⁶
- 30. There was extensive testimony about the services that the Plaintiff provided to HCMS and HCRE:
 - a. Under the oral agreements to provide services to HCMS and HCRE, the Plaintiff was responsible for making payments of interest and principal on the HCMS Notes and the HCRE Notes, which had previously been made by December 31, 2017, 2018, and 2019.²⁷
 - b. HCMS and HCRE relied on the Plaintiff to provide services because HCMS and HCRE, like NexPoint, did not have the employees or infrastructure to run its business without the services provided by the Plaintiff.²⁸
 - c. According to Frank Waterhouse ("Waterhouse"), the Chief Financial Officer of the Plaintiff throughout 2020²⁹, the Plaintiff provided the same services to HCRE and HCMSS that it did for NexPoint.³⁰ He also specifically testified that Plaintiff's services included timely paying of bills and loan payments for HCMS³¹ and the same bill paying for HCRE that it did for HCMS and NexPoint.³²
- 31. Interest and principal were due on the Notes by December 31, 2020. Neither interest nor any principal payments were paid on any of the Notes by December 31, 2020. The Plaintiff was supposed to facilitate these payments even though the payments were supposed to be to itself.

²⁵ Dondero Deposition, Volume 2, page 335, line 19 to page 336, line 13.

 $^{^{26}}$ *Id.* at page 381, lines 10 – 23.

²⁷ Waterhouse Deposition, page 354, lines 2 - 23, page 357, lines 2 - 18.

²⁸ Dondero Deposition, Volume 2, page 371, lines 5-9.

²⁹ Waterhouse Deposition, page 28, lines 15-16.

 $^{^{30}}$ *Id.*, page 353, 6-10; 357: 19 – 24.

³¹ *Id.* at page 354, lines 2 to page 357, line 18.

 $^{^{32}}$ *Id.* at page 358, lines 12 - 24.

- 32. On January 7, 2021, the Debtor delivered a letter to each of the Makers (the "Acceleration Letters") indicating that a default had occurred on each of the Notes and demanding the immediate full payment of "all principal, interest, and any other amounts due on the Note...". The effect of the Acceleration Letters was that millions of dollars of principal payments were suddenly due; had the Acceleration Letters not been sent, principal on the Notes would have amortized ratably through 2047.
- 33. In addition to being the Plaintiff's Chief Financial Officer, Waterhouse was also an officer of two of the three Makers as of December 31, 2020.
 - a. He was the Treasurer of NexPoint, an officer-level role, during all periods relevant to my Report. Waterhouse reported at his deposition, "I still manage the finance and accounting function for NexPoint."³⁴
 - b. He was the treasurer and acting treasurer of HCMS.³⁵
- 34. Plaintiff alleges that Dondero orally instructed Waterhouse to not pay the interest and principal on the NexPoint Term Note that was due on December 31, 2021.³⁶ No evidence has been presented that suggests that Dondero's alleged instructions for the Plaintiff to not pay interest and principal on the NexPoint Term Note was in writing. The apparent rational for the alleged instruction was that NexPoint believed that there had been substantial overcharges totaling in the millions of dollars by the Plaintiff under the NexPoint Services Agreement. The overcharges related to charges for employees who were no longer working for the Plaintiff but that were still being charged to NexPoint, which was a violation of the NexPoint Services Agreement. Furthermore, Dondero denies that he instructed Waterhouse not to pay the NexPoint Term Note.³⁷
 - a. Dondero denies that he instructed that no interest and principal be paid on the NexPoint Term Note, testifying, "There is no logical reason, nor would I have ever authorized or suggested no payment to put us...in default due to a *deminimis* amount of money....even if I was highly annoyed with Seery, even if we knew that Seery and Highland had overcharged NexPoint by whatever it was, 14, 16, million bucks, I would not have let a small amount cause a...breach."³⁸
 - b. Dondero also testified that the Plaintiff made the payments due on the Notes by December 31 of 2017, 2018 and 2019 without any specific authorization from any of the Makers.³⁹
- 35. No evidence was presented suggesting that Dondero, HCMS or HCRE instructed the Plaintiff not to make payments on the HCMS Term Note or the HCRE Term Note. HCMS and HCRE had a reasonable expectation that interest and principal on the HCMS Notes and HCRE Notes

³³ Exhibit 6 to Seery Deposition taken on October 21, 2021.

³⁴ Waterhouse Deposition, page 28, lines 15-16.

 $^{^{35}}$ *Id.*, at page 30, lines 9 – 16.

 $^{^{36}}$ *Id.*, at page 390, lines 4 – 13.

³⁷ Dondero Deposition, Volume 2, page 391:18-25.

³⁸ Id.

³⁹ *Id.* at page 463, lines 10-25.

would be paid by December 31, 2020, given past practices and the Plaintiff's obligation to do so.

- 36. Mr. Waterhouse testified about his responsibility in connection with making the payments on the Notes that were due by December 21, 2020⁴⁰:
 - Q: Did you approve of each payment that was made against principal and interest on the notes that were given by the affiliates of Mr. Dondero?
 - A: Did I approve the payments? I approve I approve if there was cash if there was cash being repaid on a note payment, yes, I approved in the general sense of being made aware of the payment and the amount."
 - Q: And are you the person who authorized Highland's employees to effectuate those payments?

A: Yes.

- 37. No evidence has been presented of any discussions that the Plaintiff had with Dondero or any of the Makers prior to December 31, 2020, with regard to payments on the Notes other than the alleged discussion between Dondero and Waterhouse described above relating to the NexPoint Term Note. Specifically, the evidentiary record reflects that there was no follow-up by Waterhouse or anyone else at the Plaintiff confirming that it was Dondero's intent for there not to be any payments made on the NexPoint Term Note.⁴¹
 - a. A number of Plaintiff's employees knew about Dondero's alleged instructions prior to December 31, 2020, with respect to the NexPoint Term Note, yet no effort was undertaken to investigate Dondero's instructions by speaking with him or otherwise confirming what NexPoint's intent was regarding the NexPoint Term Note.
 - b. Deposition testimony by Kristin Hendrix ("Hendrix"), who was the assistant controller of the Plaintiff at the time, revealed that she knew by November 30, 2020, or December 1, 2020, that the Plaintiff was not going to pay the interest and principal on the NexPoint Term Note that was due by December 31, 2020.⁴²
 - c. Waterhouse testified that he did not follow-up with Dondero about whether NexPoint should make the payments required by December 31, 2020.⁴³
- 38. Waterhouse also testified that there had not been any instructions from anyone to the Plaintiff to not make the required payments on the HCMS Term Note or the HCRE Term Note by December 31, 2020.⁴⁴ When asked about Dondero's tone when he talked to him about the fact that the payments had not been made on the HCMS Term Note and the HCRE Term Note,

⁴⁰ Waterhouse Deposition, page 56, line 21 to page 57, line 10.

⁴¹ *Id.*, at page 391, lines 18 – 21.

⁴² Hendrix Deposition, page 12, lines 4-7.

⁴³ Waterhouse deposition, pages 391: line 18 to page 392, line 2.

⁴⁴ Waterhouse Deposition, pages 393, line 21 – 25 to page 394, line 4.

Waterhouse said that the tone was very negative and that Dondero's reaction was consistent with the fact that Dondero was surprised that the payments had not been made. 45

V. <u>SERVICES AGREEMENTS GENERALLY</u>

- 39. Companies seeking to conduct operations more efficiently frequently outsource various operational, accounting, treasury, and other functions to a service provider. By outsourcing such functions, the customer of the services provider can avoid costly employee and infrastructure investments that would otherwise be required to conduct the outsourced functions.
- 40. The agreement between the party receiving the services and the party providing the services is often referred to as a "services agreement," an "outsourcing agreement," or a "shared services agreement." These terms have the same meaning for purposes of this Report although the term "shared services" is often used in the context of a company sharing services with an affiliated party.
- 41. The parties to a services agreement are sometimes related and other times are completely separate with no prior business relationship.
- 42. The actual agreement that comprises the services to be provided under a services agreement varies in form. Some services agreements are comprehensive, others provide limited written direction, and still others are oral.
- 43. Smaller companies are often more likely to outsource a broad set of business functions, typically because they are growing rapidly and do not have the financial resources or time to build out various important business functions.
- 44. Virtually every company outsources some type of business function to a third-party. For example, many companies outsource limited functions such as payroll processing or IT services to various vendors. There is a distinct difference, however, between outsourcing limited functions to a vendor that provides services for many clients versus the more fulsome relationship that is embodied by the typical services agreement involving the services provider managing major aspects of a company's operational and back-office functions.
 - a. Providers of more fulsome services have additional duties relative to a provider that is responsible for limited services. Those additional duties generally emanate from the level of responsibility that the services provider takes on and the services provider's more intimate knowledge of its customer's business.
 - b. Said another way, a provider of a straightforward and often outsourced service such as payroll processing has no reason to understand the underlying business issues of its customers or the perspectives of the employees for which it processes payroll. On the other hand, a provider of more fulsome services has an intimate knowledge

 $^{^{45}}$ *Id.* at page 394, lines 12 - 21.

of the goals, objectives, and capabilities of its customers and in discharging its obligations, cannot ignore that knowledge.

- 45. In the case of services agreements that cover a fulsome set of activities for the customer, even if there is a comprehensive agreement between the parties, it is difficult to enumerate with specificity each individual task that the services provider is expected to perform. Tasks are therefore often described in broad terms as opposed to specific detail (i.e., the service provider is required to handle accounting functions for its customer as opposed to saying that a trial balance is required 15 days after month-end, or the annual audit must be completed by a specified date).
 - a. Despite the difficulty in describing each task with specificity that the services provider is required to perform, the specific tasks become apparent as the services provider performs functions on behalf of its customer. In the ordinary course, practices develop that inevitably are deemed acceptable to the services provider and its customer. Such practices are generally fully clarified within one year of the inception of the services agreement because that timeframe allows the parties to interact with each other over the course of a full accounting cycle.
 - b. Following the initial cycle of activities, those previously performed practices are often referred to as "past practices" and such past practices become an important piece in gauging whether the services provider has met it obligations in future periods. Having been affiliated with companies that are customers of services providers, I think of past practices as having virtually the same effect as a written document provided that the services agreement is not written in a way that prohibits such an interpretation.
- 46. Services agreements between related parties often present complicated issues, especially if the relationship changes between the parties during the term of the services agreement. For example, at the beginning of the term of the services agreement, two related parties might constructively work together, almost obviating the need for a detailed agreement between the parties. If there is a change in the relationship between the parties that leads to less cooperation, the original agreement may not be comprehensive enough to optimally deal with the change in circumstances.
 - a. In such situations, past practices can become an even more important factor in determining the services provider's obligations and the reasonable expectations that the customer should have if the contract language is not explicit on the point.
 - b. While the services provider and a customer that is related at the outset of an agreement may cease to be related at some point during the term of the agreement, the services provider's knowledge of the customer's business objectives does not necessarily become stale immediately upon the change in affiliate status. Consequently, any higher duty that comes about from the knowledge that the services provider has about its customer is not necessarily impacted if the affiliate status of the services provider and its customer changes.

VI. OPINIONS

- A. The Plaintiff was obligated to pay interest and principal on the NexPoint Term Note by December 31, 2021, on behalf of NexPoint. Despite the alleged instruction from Dondero that the Plaintiff should not make any payments on NexPoint's behalf, the Plaintiff's obligations to make the payments did not end. At a minimum, the Plaintiff had a duty to investigate whether the payments should have been made, which it did not do. In not making the payments on the NexPoint Term Note and not undertaking steps to further investigate whether the payments should have been made, the Plaintiff did not act reasonably.
- 47. The payment terms of the NexPoint Term Note required that interest and principal was due to the Plaintiff from NexPoint on or before December 31, 2020. It is undisputed that interest and principal were not paid on the NexPoint Term Note by the required date.
- 48. The Plaintiff was obligated to make the payment of interest and principal on behalf of NexPoint on or before December 31, 2020, under the NexPoint Services Agreement.
- 49. The Plaintiff has taken the position that the interest and principal that was due on the NexPoint Term Note by December 31, 2020, was not paid because of Dondero's alleged directive to Waterhouse to not make the payments.⁴⁶
- 50. The evidentiary record highlights several noteworthy facts:
 - a. The Plaintiff had conflicting roles because it was the payee of the NexPoint Term Note and also had the obligation to cause the payments to be made on the NexPoint Term Note. The conflicting roles were also heightened because of the increasingly adversarial role that had developed between the Plaintiff and Dondero.
 - b. The Plaintiff stood to benefit mightily if NexPoint defaulted on the payment of interest or principal, given the Plaintiff's ability to immediately accelerate the payment of the NexPoint Term Note. Without a default, some of the principal of the Notes could have been outstanding until 2047.
 - c. Waterhouse was an officer of the Plaintiff and was also an officer of NexPoint, creating a conflict beyond the conflicts that the Plaintiff had that are described above. Given his dual roles, he had knowledge of the business objectives and financial condition of NexPoint, which should have made it clear to him that NexPoint would not welcome a default on the NexPoint Term Note.
 - d. NexPoint allegedly made overpayments to the Plaintiff that Dondero wanted to be offset against the required interest and principal payments on the NexPoint Term Loan.⁴⁷ The overpayments related to workers that the Plaintiff was charging to NexPoint that no longer worked for the Plaintiff, which violated the terms of the

 $^{^{46}}$ Waterhouse Deposition, page 390, lines 4-13.

⁴⁷ Seery Deposition, page 226, lines 2 – 4; Dondero Deposition, Volume 2, page 392, lines 3 – 7.

- NexPoint Services Agreement. There were ongoing discussions between Dondero and Seery leading up to the end of 2020 relating to the topic.
- e. There is no evidentiary record describing any effort by the Plaintiff to warn NexPoint of the implications of Dondero's alleged request for the payments on the NexPoint Term Note to not be made. For example, despite the fact that the NexPoint Services Agreement required the Plaintiff to provide NexPoint with legal services, the Plaintiff failed to provide NexPoint with legal advice that failing to pay interest and principal could result in an acceleration of the NexPoint Term Loan.
- 51. In my opinion, Dondero's alleged statement to Waterhouse that the Plaintiff should not make payments on the NexPoint Term Note on December 31, 2020, did not provide a basis for the Plaintiff to not make the payments on the Notes given its obligations to NexPoint under the NexPoint Services Agreement. Several reasons support my opinion:
 - a. There is no evidence that the Plaintiff took any reasonable steps to address the myriad of conflicts that it faced.
 - i. The Plaintiff's obligations regarding the required payments of the Notes involved the conflict-ridden task of authorizing and making a payment to itself. Additionally, the Plaintiff stood to benefit significantly by putting the NexPoint Term Note into default given that a default would allow the Plaintiff to realize the proceeds from repayment of the note far earlier than it otherwise would have; had the NexPoint Term Loan not been accelerated, it would have remained outstanding until 2047. While the evidence is silent on whether the Plaintiff was considering the repayment benefit of the NexPoint Term Loan to itself, from an appearance standpoint, the conflict was glaring.
 - ii. The Plaintiff apparently took no steps to address these conflicts either by conferring with NexPoint or Dondero. Conferring with NexPoint or Dondero would have helped in establishing that NexPoint and Dondero really did not want the Plaintiff to transfer funds to pay interest and principal on the NexPoint Term Loan.
 - iii. The Plaintiff also has presented no evidentiary record reflecting how any internal steps were taken to address the conflict. Such steps might have included conducting meetings internally with minutes to reflect discussion regarding the conflict or any efforts to seek guidance from counsel to assist with the conflict.
 - iv. According to deposition testimony by Hendrix, who was the assistant controller of the Plaintiff at the time⁴⁸, she recalled receiving a phone call from Waterhouse on either November 30, 2020, or December 1, 2020, where Waterhouse indicated that no payments would made by the Plaintiff

.

⁴⁸ Hendrix Deposition, page 12, lines 4-7.

on behalf of NexPoint.⁴⁹ Accordingly, it seems that Plaintiff decided as early November 30, 2020 or December 1, 2020, to not make the payments on the NexPoint Term Note. Given the apparent time frame of the decision to not make the payment, the Plaintiff had ample time to confirm in writing with Dondero that the payments should not be made or to otherwise take reasonable steps to ensure that a mistake was not being made and that the Plaintiff was acting reasonably.

- b. The Plaintiff had an obligation to act reasonably in discharging its obligations to make the payments on the NexPoint Term Note on behalf of NexPoint. In addition to not properly addressing conflicts as set forth above, the evidentiary record further reflects that the Plaintiff did not act reasonably.
 - i. No effort was undertaken to inform Dondero that the Plaintiff disagreed with his assumption that there were offsets to the required interest and principal payment requirements on the NexPoint Term Note. Absent any communication from the Plaintiff, Dondero simply had no way of knowing that the Plaintiff disagreed with his perspective that a right of offset did exist, so it was reasonable for him to think that discussion of an offset was on the table.
 - ii. Waterhouse had worked for or with Dondero for many years, making him very familiar with Dondero's management style. Dondero is a decisionmaker who is willing and does change his mind when presented with new facts, something that Waterhouse should have been aware of yet did nothing to address.
 - iii. Given the massive implications of a default of the NexPoint Term Loan to NexPoint, which the Plaintiff should have understood given the robust services that it was providing to NexPoint and the dual financial responsibilities that Waterhouse had to both organizations, the Plaintiff should have acted more responsibly by engaging with NexPoint and Dondero to confirm NexPoint's intent.
 - iv. The NexPoint Services Agreement provides that the Plaintiff was supposed to provide NexPoint with legal advice. In effect, the Plaintiff was NexPoint's law firm. Had the Plaintiff met its commitment, it would have had its internal counsel consult with NexPoint to point out the legal ramifications of the interest and principal payments not being made. There is no evidence suggesting that the Plaintiff took any steps to meet its obligation to provide legal advice as required under the NexPoint Services Agreement.
- c. Waterhouse had a conflict separate from the conflicts that the Plaintiff otherwise had given that he was an officer of both the Plaintiff and the NexPoint. Among

⁴⁹ *Id.* at 71, lines 4-7.

other things, Waterhouse's officer role for NexPoint must have provided him with insights into NexPoint's business objectives, which could not have included any appetite for having the Notes accelerated. Yet there is no evidence that Waterhouse's knowledge was utilized in Plaintiff's decision making regarding the required payments of the Notes. It is inapposite to argue that because Waterhouse had knowledge about NexPoint from a source other than the Plaintiff, that he was entitled to ignore that knowledge. In discharging its duties under the NexPoint Services Agreement, the Plaintiff should have been using all information that it had available in its work on behalf of NexPoint.

- d. The NexPoint Services Agreement provided that any amendment to the agreement needed to be in writing⁵⁰ and any consent to a change in the agreement needed to be in writing.⁵¹ No such effort to comply with the writing requirement was undertaken and highlights the fact that any oral statement by Dondero regarding the NexPoint Term Loan not being paid was insufficient under the express terms of the NexPoint Services Agreement.
- e. Section 6.01 of the NexPoint Services Agreement also describes the standard of care that the Plaintiff was supposed to provide to NexPoint in the discharge of its obligations under the agreement.⁵² The provision provides that the Plaintiff "shall discharge its duties under this Agreement with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims." For reasons already described herein, the Plaintiff did not discharge its duties with such care.
- 52. For the foregoing reasons, any alleged default under the NexPoint Term Note was the result of the Plaintiff's own negligence and misconduct, which underscores that Plaintiff did not act reasonably in the discharge of its obligations to NexPoint.
 - B. Based on the oral agreement that the Plaintiff had with HCMS and HCRE and consistent with the services that the Plaintiff had previously provided, HCMS and HCRE had a reasonable expectation that the Plaintiff would continue paying interest and principal on behalf of those entities absent explicit direction to the contrary. As there was no directive from anyone affiliated with HCMS or HCRE to relieve the Plaintiff of that responsibility, the Plaintiff did not act reasonably by not meeting its obligations to make payments of interest and principal on behalf of HCMS and HCRE.
- 53. While the services agreements between Plaintiff, on the one hand, and HCMS and HCRE, on the other hand, were oral, the existence of an oral services agreement between affiliated parties involved in the investment management business is common and is something that I have regularly observed.

⁵⁰ Amended Services Agreement, Section 8.01.

⁵¹ *Id.* at Section 8.07.

⁵² *Id.* at Section 6.01.

- 54. Like with NexPoint, the Plaintiff provided HCMS and HCRE with a comprehensive array of services that were necessary to the day-to-day operation of their businesses. There was a lengthy history of the Plaintiff providing HCMS and HCRE with such services. The broad array of services provided by the Plaintiff to NexPoint were the same as the scope of work performed by the Plaintiff for HCMS and HCRE.
- 55. The evidentiary record highlights several noteworthy facts:
 - a. The evidentiary record reflects that the Plaintiff historically made payments on behalf of the HCMS Term Note and HCRE Term Note in addition to providing an array of other critical services to HCMS and HCRE not dissimilar from many of the services that the Plaintiff provided to NexPoint under the NexPoint Services Agreement.⁵³
 - b. No evidence has been presented suggesting that there was any communication from HCMS, HCRE, or Dondero suggesting that the payments on the HCMS Term Note and the HCRE Term Note should not continue.
 - c. No evidence has been presented suggesting that on payment dates in years prior to 2020 HCMS or HCRE had to notify the Plaintiff that it wanted the Plaintiff to make the required payments on the HCMS Term Note or the HCRE Term Note. Accordingly, it would not have been reasonable for the Plaintiff to expect that HCMS or HCRE were required to take any affirmative steps to have payments made on their notes.
 - d. The Plaintiff had conflicting roles because it was the payee of the HCMS Term Note and the HCRE Term Note and also had the obligation to cause the payments to be made of those notes. The conflicting roles were also heightened because of the increasingly adversarial role that had developed between the Plaintiff and Dondero.
 - e. The Plaintiff stood to benefit mightily if HCMS and HCRE defaulted on the payment of interest or principal, given the Plaintiff's ability to immediately accelerate the payment of those notes. Without a default, some of the principal of the HCMS Term Note and the HCRE Term Note could have been outstanding until 2047.
 - f. Waterhouse was an officer of the Plaintiff and was also an officer of HCMS, creating a conflict beyond the conflicts that the Plaintiff had that are described above. Given Waterhouse's dual roles, he had knowledge of HCMS's business objectives and financial condition, which should have alerted him that HCMS would not welcome a default on the HCMS Term Note.

.

⁵³ See, e.g., Dondero Deposition, Volume 2, pages 335:19 to 336:13; page 381, lines 10-23.

- g. The Plaintiff made no effort to warn HCMS or HCRE of the implications of the Plaintiff not making payments on the HCMS Term Note or HCRE Term Note by December 31, 2020.
- 56. Dondero testified about the payments that were required on the HCMS Term Note by December 31, 2020, indicating that there was an expectation by HCMS that the payments were going to be made, regardless of whether there were specific instructions by HCMS to do so:⁵⁴
 - Q: Okay. Do you know whether anybody acting on behalf of HCMS ever instructed or authorized Highland to make a payment on account of HCMS's term note to Highland?
 - A. Well, again, and maybe I didn't say it clearly enough. I think there was a reliance in the due course aspect, especially on small amounts, and it would have been done by Highland personnel on behalf of Services.

* * * * *

- Q. And I'm going to ask you, Mr. Dondero, to be patient with me and to listen carefully to my question. Are you aware of anybody acting on behalf of HCMS, whoever instructed Highland to make a payment in satisfaction of any payment that was due at the year-end of 2020 under the term note?
- A. Not specifically, but I'm saying I don't think it needed to be made specifically.
- 57. The Plaintiff was required to act reasonably in the performance of its obligations to HCMS and HCRE given the record of past practices and the precedent created by similar work done by the Plaintiff for NexPoint. With respect to the payments required under the HCMS Term Note and the HCRE Term Note by the Plaintiff, HCMS and HCRE had a reasonable expectation that they would continue receiving such payment services absent a clear termination by Plaintiff of its obligations to HCMS and HCRE. Given that there is no evidence suggesting that any of the parties had terminated the Plaintiff's obligations to provide services to HCMS and HCRE as of December 31, 2020, especially given that the Plaintiff continued to perform other services on behalf of those entities as of such date, the Plaintiff did not act reasonably by not making the payments on the HCMS Term Note and the HCRE Term Note by December 31, 2021. Likewise, it was also not reasonable for the Plaintiff to not discuss with HCMS and HCRE that payments were not going to be made on the HCMS Term Note and the HCRE Term Note given that payments had been made in prior years without any request by HCMS or HCRE.
- 58. Hendrix testified that the instruction to her not to make the NexPoint Term Loan payment by December 31, 2020, did not apply to the payments required on the HCMS Term Note and the HCRE Term Note by December 31, 2020.⁵⁵ She also testified that she made no attempt or effort to determine whether Dondero wanted the payments required on the HCMS Term Note

⁵⁴ Dondero Deposition, Volume 2, pages 371:23 – 372:18.

⁵⁵ Hendrix Deposition, page 100, lines 20 - 23; page 101, lines 8 - 12.

and the HCRE Term Note to be paid by December 31, 2020.⁵⁶ Finally, Hendrix made no attempt to check with anyone whether the payments should be made.⁵⁷ Hendrix's testimony underscores that Plaintiff did not act reasonably in discharging its obligations to HCMS and HCRE.

59. For the foregoing reasons, any alleged default under the HCMS Term Note and the HCRE Term Note was the result of the Plaintiff's own negligence and misconduct, which underscores that Plaintiff did not act reasonably in the discharge of its obligations to HCMS and HCRE.

VII. CONCLUSION

60. In summary, based on the evidence that I have reviewed and relied upon, as well as my training and experience, it is my opinion that the Plaintiff did not act reasonably in choosing not to pay the interest and principal due under the Notes. As a result of Plaintiff's failures to act reasonably, it should not have accelerated payment of the principal amount of the Notes.

Respectfully submitted,

Steven J. Pully, CPA, CFA, ESQ.

⁵⁶ *Id.* at page 102, lines 10 - 13.

⁵⁷ *Id.* at page 105, lines 8 - 11.

Exhibit A

STEVEN J. PULLY

4564 Meadowood Road, Dallas, Texas (214) 587-6133 sjpully@yahoo.com

Employment History

October 2014 – Present

SPEYSIDE PARTNERS/INVESTMENT BANKER/CONSULTANT/BOARD DIRECTOR/CORPORATE EXECUTIVE

- Investment banker/consultant to companies, investors and creditors on matters including capital raising, distressed debt restructurings, asset dispositions, activist investing defense, strategic opportunities, and expert witness matters
- Chief Executive Officer and Chairman, Harvest Oil & Gas (post-reorg)

January 2008 – Sept. 2014

CARLSON CAPITAL, L.P., General Counsel and Partner, Dallas, Texas

- Responsible for legal affairs of hedge fund with over \$9.0 B of AUM;
 worked closely with affiliated oil and gas private equity fund with \$700 of AUM beginning in 2010
- Member of Management, Operating and Valuation Committees (Chair)

Dec. 2001 – October 2007

NEWCASTLE CAPITAL MANAGEMENT, L.P., President, Dallas, Texas

- Activist fund with \$650 MM of assets under management
- Operating positions for portfolio companies: CEO of Pinnacle Frames, Jan. 2003 – June 2004 (largest domestic picture frame manufacturer with 600 employees; involved in multiple visits to Wal-Mart, visited China and identified new CEO for company); CEO of New Century Equity Holdings, June 2003 – Oct. 2007 (cash shell seeking to acquire business)

May 2000 –	BANC
Dec. 2001	M&A/
January 1997 –	BEAR
May 2000	Bankii

BANC OF AMERICA SECURITIES, Managing Director, Investment Banking -

M&A/ Energy & Power Groups; Houston and Dallas, Texas

BEAR STEARNS & CO. INC., Senior Managing Director - Investment Banking Department; Dallas, Texas

April 1996 – Dec. 1996

CONVERGENT ASSOCIATES, INC., President, Dallas, Texas.

 Private equity firm that controlled three technology-oriented companies involved in travel, media and software; affiliated with EDS

January 1996 -April 1996 **WASSERSTEIN PERELLA & CO., INC.,** Vice President - Investment Banking Department; Dallas, Texas

Left after brief association because supervisor announced departure plans

July 1989 -Dec. 1995 PAINEWEBBER INCORPORATED/ KIDDER, PEABODY & CO., First Vice President - Investment Banking Department; New York City and Houston, Texas

October 1985 -July 1989 **BAKER & BOTTS, Attorneys,** Associate — Corporate Department; Houston, Texas

Board Experience

Board Leadership - Experience as Lead Director, Chairman of the Board, Executive Committee member and Chairman of Audit, Compensation, Governance and Strategic Committees

Accounting/Finance - CPA and CFA certifications, significant experience with financial statements and analysis, member of several audit committees including chair role

Strategic Transactions/Capital Raising - Substantial history with successful strategic transactions and efficient capital raising, including debt restructurings

Governance/Activist Investing Expertise - Extensive experience with shareholder governance and activist investing/defense; positive reputation with shareholders as a value creator

Legal/Regulatory - Licensed attorney, extensive experience managing legal/compliance department

Public Company Directorships

Previous: Bellatrix Exploration, Energy XXI (Chair – Comp and Strategic), EPL Oil & Gas Inc. (Lead Director, Chair - Comp), Ember Resources, Cano Petroleum, Goodrich Petroleum, Harvest Oil and Gas (Chairman of the Board, Chair – Audit), Peerless Systems (Chair – Audit), New Century Equity Holdings, MaxWorldwide, Geoworks Corporation, Pizza Inn (Chair – Governance), Titan Energy, VAALCO Energy (Chair – Governance, Comp), Whitehall Jewelers (Chairman)

Private Company Directorships

Current: Harvest Oil & Gas (Chairman of the Board and Chief Executive Officer, formerly public company), Limetree Bay Energy, Heritage Power, Response Team 1, Wild Rivers, OWS, ExpressJet **Previous:** Fox & Hound, GenCanna Global, Pinnacle Frames & Accents, Aspire Holdings (Chair – Comp), PermianLide, Tribune Resources (Chair – Audit), PGi, Southland Royalty, Greylock Energy, Karya Properties, PRIMEXX Energy, Titan Energy

Professional Certifications, Education and Other Interests

CHARTERED FINANCIAL ANALYST, 2004 (Active member), CERTIFIED PUBLIC ACCOUNTANT, Texas, 1985 (Active member), STATE BAR OF TEXAS, 1985 (Active member), FINRA Series 7, 63 and 79 (Current)

The University of Texas School of Law, 1985

International Law Journal, Moot Court, Board of Advocates

Georgetown University, BSBA with honors, 1982, Major in accounting with 3.90 GPA in major President of Student Government Senate, National Model U.N. Team

Centre for Management Studies, Oxford University, England, Summer 1981

Sailing, golf, writing, biking and travel; married with two adult daughters

Board of Advisors, Georgetown McDonough School of Business, 2015 - 2018

Documents Reviewed

Complaint for (I) Breach of Contract and (II) Turnover of Property of the Debtor's Estate (Dkt. No. 1, Adv. Proc. No. 21-03004)

Amended Complaint for (I) Breach of Contract, (II) Turnover of Property, (III) Fraudulent Transfer, and (IV) Breach of Fiduciary Duty (Dkt. No. 63, Adv. Proc. No. 21-03005)

Defendant NexPoint Advisors, L.P.'s Answer to Amended Complaint (Dkt. No. 64, Adv. Proc. No. 21-03005)

Amended Complaint for (I) Breach of Contract, (II) Turnover of Property, (III) Fraudulent Transfer, and (IV) Breach of Fiduciary Duty (Dkt. No. 68, Adv. Proc. No. 21-03006)

Highland Capital Management Services, Inc.'s Answer to Plaintiff's Complaint (Dkt. No. 6, Adv. Proc. No. 21-03006)

Defendant Highland Capital Management Services, Inc.'s Answer to Amended Complaint (Dkt. No. 73, Adv. Proc. No. 21-03006)

Amended Complaint for (I) Breach of Contract, (II) Turnover of Property, (III) Fraudulent Transfer, and (IV) Breach of Fiduciary Duty (Dkt. No. 63, Adv. Proc. No. 21-03007)

Defendant HCRE Partners, LLC (n/k/a NexPoint Real Estate Partners, LLC)'s Answer to Amended Complaint (Dkt. No. 68, Adv. Proc. No. 21-03007)

Defendant James Dondero's Answer to Amended Complaint (Dkt. No. 83, Adv. Proc. No. 21-03003)

Remote Videotaped Deposition of Frank Waterhouse, taken October 19, 2021 and Exhibits

Video Deposition of James P. Seery, Jr., taken October 21, 2021 and Exhibits

Deposition of Kristin Hendrix, taken October 27, 2021 and Exhibits

Deposition of David Klos, taken October 27, 2021

Remote Deposition of James Dondero, Volume II, taken October 29, 2021 (Rough draft) and Exhibits

Remote Deposition of James Dondero, Volume III, taken November 4, 2021 (Rough draft) and Exhibits

1 2	FOR THE NORTHE	TATES BANKRUPTCY COURT CRN DISTRICT OF TEXAS AS DIVISION
3	In Re:	Case No. 19-34054-sgj-11 Chapter 11
4 5 6	HIGHLAND CAPITAL MANAGEMENT, L.P., Debtor.	Dallas, Texas Monday, December 13, 2021 10:30 a.m. Docket
7 8 9 10 11	HIGHLAND CAPITAL MANAGEMENT, L.P., Plaintiff, v. NEXPOINT ADVISORS, L.P., et al.,	Adversary Proceeding 21-3005-sgj MOTION TO EXTEND EXPERT DISCLOSURE AND DISCOVERY DEADLINES DEADLINES
12	Defendants.	
14 15 16	HIGHLAND CAPITAL MANAGEMENT, L.P., Plaintiff,	Adversary Proceeding 21-3006-sgj MOTION TO EXTEND EXPERT DISCLOSURE AND DISCOVERY DEADLINES
17 18	HIGHLAND CAPITAL MANAGEMENT SERVICES, INC., et al.,	
19 20	Defendants.)))
21		
22		
24		
25		

23

24

25

1100 Commerce Street, 12th Floor

Dallas, TX 75242 (214) 753-2062

Case 21 03005-sgj Doc 148-3 Filed 01/05/22 Entered 01/05/22 18:18:43 Page 860 of 899

DALLAS,	TEXAS -	- DECEMBER	13,	2021	- 10:55	A.M.
---------	---------	------------	-----	------	---------	------

THE COURT: I will now take up the Highland three motions to extend expert deadlines. So let me get appearances from lawyers. First, who do we have appearing for the Debtor this morning?

MS. WINOGRAD: Good morning, Your Honor. My name is Hayley Winograd of Pachulski Stang Ziehl & Jones appearing on behalf of Highland.

THE COURT: Okay. Good morning. For NexPoint Advisors, who do we have appearing?

MR. RUKAVINA: Your Honor, good morning. Davor Rukavina and Julian Vasek.

THE COURT: Good morning. All right. For HCMS and NPRE, who do we have appearing?

(No response.)

1.5

THE COURT: Okay. Maybe I should say these names in full.

MS. DEITSCH-PEREZ: I apologize, Your Honor. This is Deborah Deitsch-Perez. I believe Michael Aigen will be appearing for HCRE and HCMS. And I wonder if he's having technical difficulties. I saw him on the line a few minutes ago. I'm going to go off and call to make sure that there isn't a problem.

THE COURT: Okay.

MR. RUKAVINA: But Your Honor, I'll be handling the

bulk of the arguments, and Mr. Aigen will cover a much smaller amount.

> THE COURT: Okay. Well, we'll --

MR. AIGEN: Your Honor, this is Michael Aigen. Are you able to hear me now?

THE COURT: I can hear you now.

MR. AIGEN: I apologize. Michael Aigen for HCMS and HCRE.

THE COURT: All right. I presume those are our only formal appearances, but is there anyone else who wished to appear?

(No response.)

1

2

3

4

5

6

7

8

9

10

11

12

13

14

1.5

16

17

18

19

20

21

22

23

24

25

THE COURT: All right. Well, Mr. Rukavina, I'll hear your argument.

MR. RUKAVINA: Thank you, Your Honor.

I'm sure that the Court has read our papers, and by this motion we seek to extend the expert deadline so that we can retain Steven Pully as our expert on the standard of care. Mr. Pully is on the video. I can see him right now. So, good morning, Mr. Pully.

And Your Honor, I'd like for you to be aware that Friday

evening I did file on the docket Mr. Pully's report. Obviously, the Court hasn't granted this motion, but I wanted the Court to know that we moved as rapidly as possible, and Mr. Pully has now finalized his report. So there's no future

5

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

6

need for additional time on my end if the Court grants this motion.

Your Honor, before I get to the actual merits of this motion, I feel it important to address a hearing that occurred a few weeks ago that I was not present at because this motion was discussed briefly at the end. This was a hearing held on Ms. Deitsch-Perez's motion to dismiss and compel arbitration.

And Mr. Vasek, if you could please pull up the transcript of that and scroll down to near the end where this motion is discussed.

Your Honor will maybe recall that we have the transcript where Ms. Deitsch-Perez mentioned as a scheduling matter that this motion had been filed. And the Court says, What on earth does that have to do with this litigation? I don't mean to be flippant and laugh, but what on earth does that have to do with notes?

And if we scroll down some more, Your Honor, Ms. Deitsch-Perez was attempting to explain to the Court the purpose of this motion, and the Court notes that, It sounds like you're talking about an affirmative defense that hasn't been articulated yet.

And if we scroll down some more, Ms. Deitsch-Perez attempts to tell the Court that, in fact, this is an affirmative defense that has always been asserted.

And the Court notes there in her dialogue with Ms.

Deitsch-Perez that, I'm just letting you know you have a very uphill battle convincing me that experts regarding shared services agreements would be germane.

And the Court goes on to say that it has heard a lot about shared services agreements during the past few years, including experts on the witness stand in the Acis case. And the Court notes that, Under the pleadings as now in the record, I just can't imagine why experts on shared services agreements are going to be relevant evidence.

I think, Mr. Vasek, you can pull that down.

And I point this out only because, again, I know that the Court has prepared for this hearing, but this is an affirmative defense that has always been pled from the beginning. It does not involve the interpretation of the contract. We're not talking about the shared services agreement. We're not talking about the contract. And recall, Your Honor, that both Your Honor and the District Courts have agreed that jury rights do attach here. So the question really is not the Court's familiarity with shared services agreements but whether expert testimony will be relevant to help the jury.

So, what is that expert evidence, Your Honor, and how did this arise? NexPoint is the obligor, the maker on a \$30 million note -- I'm using round numbers -- and that note had been paid down to some \$24 million.

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

The note purports to require a payment every year on December the 31st. And in the year 2020, although we argued that the payment was prepaid, that payment was not made It was made a couple weeks later, when Mr. Dondero realized what had happened.

Our version, NexPoint's version of why this payment did not happen has until recently been that the Debtor dropped the ball. Under the shared services agreement, and as Mr. Dondero and Mr. Frank Waterhouse, the Debtor's former CFO, confirmed, the Debtor was for years responsible to facilitate the annual payment. The Debtor didn't pay from its own funds. It would pay it from our funds. But that was both in the contract and that was the practice. Again, Mr. Waterhouse -- and Your Honor has seen in my papers and in his transcript -- confirmed that it was reasonable for NexPoint to rely on the Debtor to ensure that this payment would be made.

So Mr. Vasek, if we can pull up the shared services agreement here.

I know that the Court likes to look at contracts, so I will briefly take Your Honor through some of the pertinent provisions, because this relates to directly to Mr. Pully.

And Mr. Vasek, if you'll please scroll down to the definitions of Covered Person.

And Your Honor can read it for herself. This is just a definitional that we need as we go forward. But Covered

Person means the staff and services provider. That is
Highland. That is the Debtor. And it includes managers,
members, employees, et cetera. Well, that would be Mr. Frank
Waterhouse. Mr. Waterhouse at that time was the Debtor' chief
financial officer, and he was also an officer of NexPoint. So
he, like many people here, wore two hats.

Mr. David Klos at that time was the controller for Highland, and Ms. Kristin Hendrix was a senior accountant at Highland. Both Mr. Klos and Ms. Hendrix were providing the services we're going to discuss.

If you'll scroll down, Mr. Vasek.

1.5

The next provision, Your Honor, relates to what services were being provided.

Scroll up just a -- just a tad.

So you'll see under Section 2.02 the parties are now agreeing here's the services that Highland will be provided. And it's important to note, Your Honor, that at this time this agreement was in place. This agreement was terminated I want to say at the end of February this year. But in December and November of 2020, this agreement was in place.

And if the Court looks at the services being provided, the first one there is assistance and advice. That word "advice" is important. Assistance and advice with respect to various things. And you see down there those things include finance and accounting, payments, bookkeeping, cash management, cash

forecasting, accounts payable, et cetera.

1.5

Keep scrolling down, Mr. Vasek. Obviously, as the Court very well knows, the Debtor was also providing legal services.

And if you keep scrolling down, Mr. Vasek, to the next page, there you go, to K and L.

These are more catch-all. So if the language of what I just showed you is not express or specific enough, here you have these catch-alls, such as advice on all things ancillary or incidental to the foregoing and advice relating to other back- and middle-office services in connection with the day-to-day business.

So, again, we're not here today, we're not asking the Court to decide, nor do I think that it would be this Court to decide, whether the Debtor had a duty to facilitate the December payment. I'm just pointing out that we have, I think anyone would agree, at least a prima facie colorable argument that the Debtor would have such duty.

And just to address an issue that the Debtor raised, Mr. Vasek, if you'll scroll down to 6.01, and then if you'll zoom in.

Here, now, Your Honor, is the language that is of relevance, the direct relevance. So we've seen that Covered Person is defined, and we have seen that -- and we can now see that this agreement requires Covered Person -- that includes the Debtor; that includes Mr. Waterhouse; that includes Mr.

1.5

Klos -- to discharge its duties under this agreement. We've seen that there's certainly a colorable argument that the duties under this agreement include facilitating payments and advice with payments and accounts payable and the like, and that the Debtor has to discharge its duties with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

That, Your Honor, is what we need the expert on. Not to tell the jury what this contract says, not to tell the jury that the Debtor had a duty, but to look at, under the facts, did the Debtor's performance or lack thereof -- and I'll tell you why that's important in a moment -- did that performance or lack thereof comport with this standard of care?

This is a matter for an expert. The average juror, the average layperson, myself, I would not know what the care, skill, prudence, and diligence of a reasonable prudent person in this situation would be. I can theorize on that. I can opine on that. I'm not an expert on that. This is a matter for an expert, the same as with medical malpractice, legal malpractice, breach of fiduciary duty.

While we're on this agreement, just to address another argument that the Debtor makes, the Debtor says that this agreement exculpates negligence.

Mr. Vasek, if you'll please scroll down to the exculpation.

1.5

And there is an exculpation provision. But if Your Honor

-- and it does exculpate negligence. It doesn't exculpate

gross negligence, et cetera. But it talks about that only

acts or omissions -- it's Romanette (i) -- acts or omissions

arising out of or in connection with the conduct of the

business of the management company that is exculpated. Again,

we're not here today to decide what this means, but the

business of NexPoint is not note-making; the business of

NexPoint is advising thousands of investors and funds with

respect to a billion dollars of investments.

It is -- the Debtor does have an argument, and either the Court or the jury will have to decide whether this exculpation provision applies. And then if -- and you can remove this, Mr. Vasek -- the Debtor likewise says that the agreement's indemnification provision prohibits this argument. We pointed out in our briefing, Your Honor, that, in fact, indemnification under Texas law does not apply to the parties to the contract. It applies to claims made by third parties. But, again, that's an argument that the Debtor has.

So we have this contract in place. Late November/early December rolls around, and both Mr. Dondero and Mr. Waterhouse testify that they had a meeting. What was said at that meeting is in dispute.

Mr. Dondero believes that he told Mr. Waterhouse, stop paying on the shared services agreement. It's NexPoint's position -- Your Honor knows we filed an administrative claim -- it's NexPoint's position that it had overpaid millions of dollars under the shared services agreement, in part because many of the employees of the Debtor that we were supposed to be paying our respective share of weren't there anymore. So Mr. Dondero says to Mr. Waterhouse, stop paying on this shared services agreement.

Those are the facts as we knew them going into late October. Based on that fact, and based on the fact that the Debtor did not facilitate the payment, we've always asserted as an affirmative defense that our lender, who is also our lawyer, who's also our accountant, who's also our treasury management people, and who have always facilitated these payments in the past, dropped the ball. They committed simple negligence, they dropped the ball, thereby causing the alleged default.

We did not need an expert opinion on that at that time.

You've seen in my reply briefing, Your Honor, that, in fact,

the Fifth Circuit holds in multiple instances that when it's

simply a matter of missing a deadline -- a lawyer missing

limitations, if you will -- expert testimony is not required,

and in fact may be inappropriate because a lay person can

figure out that, a lay juror can figure out that, well, if you

just simply didn't do something, whether that's -- whether that comports with the standard of care or not.

1.5

On October the 19th of this year, the Debtor and we deposed Mr. Waterhouse. And Mr. Waterhouse had a different testimony. He had a different recollection of that meeting. Mr. Waterhouse said that Mr. Dondero told him in late November or early December, don't make this NexPoint payment. In other words, that Mr. Dondero expressly said the payment that's coming up for NexPoint, do not make this payment.

That was news to us. I was so surprised by that testimony that I actually asked Mr. Waterhouse that question four times. And opposing counsel actually got angry at me, kept saying, how many times are you going to keep asking this question? I was surprised.

I was not able to talk to Mr. Waterhouse meaningfully before that. Mr. Waterhouse has attorneys, Mr. Waterhouse is in litigation with the Debtor, and those attorneys require that I not communicate with him directly, I communicate only through them. I never took up the chance to ask them about this meeting because the only information that I had and that my client had was that there was no such instruction. The Debtor may or may not have been surprised as well.

Mr. Vasek, if you'll please pull up discovery.

Your Honor, we're sharing with you now certain of the discovery in this case -- in particular, the Debtor's

responses.

1.5

And if you'll go to Interrogatory No. 1, Mr. Vasek.

So, Your Honor obviously can read this. But I ask the Debtor, if it contends that it was not responsible for making payments under the note on NexPoint's behalf, please explain the legal and factual basis for such contention. I asked for a factual basis as well. And Your Honor can see in the response that the Debtor objects, the Debtor says that it was not required to make the payment, but nowhere here does the Debtor say that it had received an instruction not to make the payment.

Pardon me, Your Honor.

This was, I believe, from May or June. In any event, it was early in this litigation. Nowhere here am I put on any kind of notice that it's the Debtor's position that it received an instruction not to make the payment.

If we scroll down to Request for Production, I believe it's No. 1, Mr. Vasek.

Here, we -- I ask for all communications pursuant to which the Debtor was advised or instructed not to make the payment or to cause the payment to be made. And the Debtor's answer includes the following: Any communications responsive to Request for Production No. 1 were verbal.

Okay. I had to await depositions. That's fine. I had asked in an interrogatory, I didn't get a factual response,

and then I'm now being told that any communications were verbal.

Now, the Debtor may not have known about Mr. Waterhouse's instruction, it may not have, in which case I don't think it's fair to accuse NexPoint or its counsel of dropping the ball. Or the Debtor may have known of the instruction, in which case the Debtor should have answered Interrogatory No. 1 factually by saying, oh, wait, not only were we not required to make the payment, et cetera, et cetera, but we received an instruction from your boss, NexPoint, not to make the payment.

You can remove that.

So, here we go into October 19th. We depose Mr.

Waterhouse. We now see that, in fact, I guess it's -- I

forget who -- who the author is, but the plot has thickened.

The situation is now much more complicated. Whereas

previously we argued that the Debtor had dropped the ball, the question now is, okay, if in fact the jury believes that Mr.

Dondero went to Mr. Waterhouse and said, don't make this payment, did that discharge the Debtor's duties as specified by the contract or not?

It's our belief that it did not. It's our belief that Mr. Waterhouse should have, at a minimum, asked Mr. Dondero after that, did I get you right, Jim? Did I understand correctly? Did you mean not to make this payment? It's our belief that the Debtor -- our legal advisers, our accountants, people that

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

are supposed to advise us -- should have called back and said, Jim, you know that if you don't make this payment you're going to have a note accelerated and it's going to be \$24 million. They should have advised Mr. Dondero of the potential consequences, especially given their clear conflict of interest.

At the same time, they're our lender to the tune of \$24 million, and they're providing us all this assistance and advice that we're paying millions and millions of dollars for.

And then also, if Mr. Dondero gave such an instruction, did the Debtor have some duty to try to dissuade him by saying, Jim, you're being a hothead, this is a very serious matter, it's only \$1.4 million, make the payment? In fact, we did make the payment in January, after this issue was learned about. But the Debtor didn't do any of those things.

So, again, the question now is, did the Debtor's lack of any subsequent follow-up -- putting its head in the sand, so to speak -- did that comport with the duties as specified, what would a reasonable person discharging his or her duties under the facts and circumstances in that industry then in place, what should or would have such a reasonable person done? That's where Mr. Pully comes in.

I deposed Mr. Seery a few days after this deposition and I asked him about this, and Mr. Seery said that no, in his view, Mr. Waterhouse acted perfectly appropriately, that Mr.

Waterhouse had no duty to seek clarification or explain the ramifications or anything else. And it was clear to me that Mr. Seery is going to testify to that effect.

So at that point in time, now that we knew Mr.

Waterhouse's testimony, we decided that it is not only
advisable but perhaps necessary to retain an expert. And we
moved very quickly. I have had the fortune of working with
Mr. Pully before, so I knew him. I was able to rapidly retain
him because of our prior familiarity with each other. Mr.
Pully reviewed all the transcripts. He reviewed the
discovery. He prepared a full and final report. So, from
beginning to end, we were done in maybe five weeks, maybe six
weeks.

And we're not proposing, Your Honor, that the Debtor doesn't have whatever time it needs to prepare a rebuttal.

We're not proposing that the Debtor can't depose Mr. Seery

[sic]. Of course it can.

So where this adversary proceeding now is is that discovery is over. The Debtor will be filing by December the 17th a motion for summary judgment. Your Honor will recall that Your Honor approved a scheduling order on that. And there will be hearings before this Court on summary judgment, and perhaps opposing counsel can remind me, but it's going to be in late January, or I'm going by memory here, maybe early February.

1.5

So that is, Your Honor, what happened. That is how it happened. It's the truth. It's -- there's no laying behind the log here. There's no litigation decisions that are now backfiring and we're trying to get out of them. What happened here is exactly what should happen in a lawsuit like this, where discovery has illuminated various issues and now we have to deal with the consequences of that discovery as we prepare for trial.

October the 29th was the date in the scheduling order to disclose experts and provide their reports. Mr. Pully couldn't even hypothetically do that in time since I had retained him a few days before that. But we moved very quickly to file this motion, to file it before the deadline actually expired, in hopes, again, of not -- not only of showing Your Honor that we moved diligently and rapidly when this issue unfolded, but also that we didn't need nunc protunc relief.

So, Rule 16 does apply. The good cause requirement does apply. But this is not some talismanic super-high burden to meet. Yes, there's a burden. Yes, I must demonstrate to Your Honor why leave based on good cause is required. But we're not trying to unscramble the eggs, and we're not seeking something extraordinary or exotic here.

The Fifth Circuit has specified the four factors that the Court should look at. In the Fifth Circuit cases that we've

1.5

seen and that we've briefed, the deadline had already expired and the people were seeking *nunc pro tunc* relief. I don't think we have that high of a burden here, but even if we do, we've analyzed those four factors.

And the first factor is the explanation for the lateness. Again, did NexPoint act diligently? Did NexPoint hide behind the log? Is there some litigation strategy here that has backfired? None of that, Your Honor, is present. There's been no delay. We deposed, pursuant to agreed deposition schedules, we deposed all of the main witnesses in October. When we deposed Mr. Waterhouse, this issue arose. We moved as rapidly as we could thereafter. And you've seen, Your Honor, in the interrogatory answer, that if the Debtor knew about this instruction, then, really, the Debtor should have answered its interrogatory to say, we got an instruction not to pay and that's why we didn't pay.

Maybe the Debtor -- maybe the Debtor didn't know that.

But when we deposed Mr. Klos and Ms. Hendrix, who are still employees of the Debtor, they testified that they heard Mr.

Waterhouse tell them that in late November last year. So they -- they testified that in late November last year Frank

Waterhouse told them, Jim Dondero told me, don't make this payment.

So, even if the Debtor didn't know what Mr. Waterhouse would testify to, Mr. Klos and Ms. Henderson [sic] did.

Again, I am not pointing the fingers here at the Debtor.

I'm not saying that their answer to Interrogatory No. 1 was
manipulative, that it was calculated to deceive. I'm not
suggesting that. I'm just suggesting that, had the Debtor
given a more fulsome answer, we would have immediately
investigated and immediately retained an expert back in May or
June of this year.

The next element, or the next factor, rather, is the importance of this extension. And Your Honor, we have quoted at length Fifth Circuit opinions that say that when the standard of care is involved, expert opinion is appropriate and may be required.

It goes back to, again, if the Debtor just dropped the ball and didn't facilitate the payment, that's easy. That doesn't need an expert. But if the Debtor was instructed by Mr. Dondero not to make the payment and there was a month left before the payment was to be made, did the standard of care as specified in the contract require the Debtor to do something that it failed to do?

So we are talking about the standard of care. That is appropriate expert testimony. It may be required. And it is not something that I can argue to a lay juror just based on a deadline being missed.

So, yes, this -- the relief we're seeking is important, especially given the jury nature of this trial.

1.5

The third factor is the potential prejudice. So, the Debtor says, well, this will increase costs. Yes, it will. But costs alone is not the legally -- the legal standard here. Every litigation has costs. Every litigation has burdens. And if the Debtor prevails in this lawsuit, they will claim attorneys' fees and costs. They're entitled to that under the note and under Texas law.

So there will be an incremental cost for the Debtor to retain an expert, but that would have been present as of October the 29th anyway.

Remember, I filed this motion on the deadline. We're seeking six weeks of delay here. This is not late-stage litigation where all the facts are known, all the witnesses have been deposed, everyone's ready for trial, and suddenly a party seeks to increase its opponent's litigation costs here with a last-second expert. This is not that case.

So, there is no prejudice, at least not in the legally relevant way by way of costs, nor is there any prejudice by delay. And this also ties into the fourth factor, which discusses a continuance. There is no prejudice here because we're not trial-set. We don't know when we're going to be trial-set.

Even if the Court denies summary judgment in whole or in part at the end of January or early February -- which I don't think that's very realistic because I think the Court is going

L

to want to think about it some, the Court is going to want to prepare a report and recommendation -- this is not going to be a straightforward summary judgment proceeding.

What is also out there is that the Debtor has filed a motion to consolidate all these note cases in front of one District Court judge. That's going to have to be reviewed by the District Court judges and ruled on.

So we are months, months away from being trial-ready, and then we don't know how long it's going to be before we're up for a week or two long jury trial. No one knows that. That is plenty of time for the Debtor to get a rebuttal expert. It's plenty of time for the Debtor to depose Mr. Pully. It's plenty of time for everything to come to play so that this case will be certified trial-ready, irrespective of whether there's an expert or not. This is not going to delay the process. We're not seeking to delay the process.

Nor are we seeking to derail the summary judgment proceedings. If the Debtor wants to retain an expert for summary judgment proceedings, that just proves that there is a question of fact here that precludes summary judgment.

But as far as continuance or trial-setting, that's just not present here.

And I've quoted Your Honor at length a District Court's opinion from the Eastern District of Texas that talks about prejudice, that talks about costs. And that judge basically

1.5

said, look, when it's -- when it's an affirmative defense that you've known that since the beginning, which the Debtor has known here since the beginning, then, really, it's not a last-second tactic. It's not real prejudice. Yeah. Yeah, there's a delay. Yeah, there's an increased cost. But the plaintiff is now trying to fundamentally change this lawsuit, to fundamentally interject something new here. The plaintiff just needs some more time. And the question is, should the plaintiff have more time?

Your Honor, those are the factors. We have -- we have the exhibits. We have the record prepared. It's a part of the motion and the Debtor's response. And Your Honor, we ask that the Court grant this motion -- again, reminding the Court that this does relate to an affirmative defense that's been around since the beginning. It does relate to one that was -- only -- only really became the subject of expert testimony in late October. And it's only because discovery in this case worked as it should. No one laid behind the log. No one made a calculated decision that has backfired. No one delayed anything or was less than diligent.

Under these circumstances, Your Honor, because the point of a trial in front of a jury is to get to the truth and it's to enable the jury to have what it needs to make a true, full, and informed decision, we believe that good cause exists, and we'd ask -- NexPoint would ask that the Court grant this

motion.

1.5

THE COURT: All right. Thank you.

I'll ask Mr. Aigen, does he have anything he wants to supplement with?

MR. AIGEN: Yes, Your Honor. I can make a very quick argument here.

As you know, HCMS and HCRE have filed a joinder, asking for the same relief. The only thing I want to quickly point out is that the only difference between our clients and Mr. Rukavina's client is the lack of a written services agreement. But I would point out, as the evidence we submitted in our briefing shows, the undisputed testimony is that there was an oral agreement to provide these services, that the Debtor did provide these same exact services that they provided from -- for NexPoint to HCMS and HCRE, that they had done this for years, and this included making loan payments.

So I just wanted to point that out, and I think what this means is that, for the same reasons that Mr. Rukavina asked for this relief, we believe we are entitled to the same relief. And I won't bother to go through all the same arguments that Mr. Rukavina just made to the Court. So that's all I have, Your Honor.

THE COURT: All right. Thank you. Ms. Winograd?

MS. WINOGRAD: May it please the Court?

THE COURT: You may proceed.

1.5

MS. WINOGRAD: Your Honor, the motion should be denied because there is no good cause for modifying the scheduling order. The motion is untimely. The expert testimony Defendants seek to gather is both improper and irrelevant. And if the motion is granted, Highland will be prejudiced.

This is -- this adversary -- adversary proceeding is a garden-variety collection action on a simple note, it has been going on for roughly a year, and it continues to get delayed due to unnecessary and costly motion practice. Defendants' latest motion is not only another delay tactic, but it is also completely unsupported.

And before I tell you why it is unsupported, I want to take a step back and just summarize the context of Defendants' motion. Defendants have always and continue to assert the same affirmative defense, which is that their default under the note was the result of Highland's negligence under the shared services agreement. It is Defendants' position that before Mr. Waterhouse's deposition an expert was not needed to testify regarding Highland's duties under the shared services agreement.

Mr. Waterhouse then testified that Mr. Dondero gave him instruction not to make a payment under the note. It is now Defendants' contention that, solely in light of this testimony, all of a sudden an expert is needed to testify

1.5

regarding whether Highland owed an affirmative duty under that same shared services agreement to ask Mr. Dondero if he understood the implications of his instruction, and if so, if Highland breached such a purported duty.

First of all, Your Honor, based on the clear terms of the shared services agreement, there is no affirmative duty for Highland to ask Mr. Dondero if he understood the implications of his own instruction.

Moreover, Your Honor, the question of what Highland's duties are is a legal issue reserved for the Court, and the issue of whether Highland breached -- and Highland submits there was no such breach -- but that issue is reserved for the jury.

Your Honor, if expert testimony wasn't needed before, it is not needed now.

This Court entered a scheduling order in September of 2021. Under Rule 16(b) of the Federal Rules of Civil Procedure, an existing scheduling order can only be modified upon a showing of good cause. The purpose of Rule 16 is for the Court to prevent unforeseeable and never-ending litigation expenditures.

So the critical question before Your Honor today is whether there is good cause to modify the scheduling order. And Highland submits there is not.

Courts consider four general factors to determine whether

there's good cause. It's the party's explanation for failing to previously identify the witness. It's the importance of the witness's testimony. And it's the prejudice to the other side in allowing the testimony. All of these factors weigh in favor of denying the motion.

Regarding the first factor, Defendants' explanation for failing to previously identify the witness is entirely without merit. Again, NexPoint first raised its affirmative defense that its default under the note was the result of Highland's own negligence back in March of 2021. In other words, NexPoint had nine months to retain an expert to testify regarding Highland's duties for nine months.

NexPoint seeks to create -- to distinguish between these notions of Highland somehow, quote, dropping the ball versus Highland not asking Mr. Dondero if he understood the implications of his own instruction. Defendants cite no authority in support of the notion that one of these factual circumstances would somehow require an expert but that the other would not.

What this comes down to, Your Honor, is that Defendants are using this testimony as an excuse to muddy the water, to muddy the waters as to the critical issues in this case and as a latch-ditch attempt to bolster their defense.

I don't want to bog you down with case law that's already cited in our brief, but I want to flag a particularly on-point

1.5

case, and that is *Reliance*, 110 F.3d at 257. The Fifth Circuit affirmed the lower court's denial of a party's motion to modify the scheduling order when that -- when a deposition didn't go well, specifically holding District Courts have the power to control their dockets by refusing to give ineffective litigants a second chance to develop their case.

The suggested expert testimony also is improper as a matter of law. It is well-settled law in the Fifth Circuit that an expert cannot testify regarding the scope of a party's contractual duties under an agreement and whether that party fulfilled such duties. And that is exactly what NexPoint and Defendants are trying to do here. It is trying to have its expert interpret the terms of a shared services agreement and testify regarding Highland's duties thereunder and ultimately whether it thinks Highland breached those duties.

This is an improper subject for expert testimony and precisely the type of expert testimony that the Northern District of Texas rejected in *Panhandle* and which the Fifth Circuit affirmed the rejection of in *Askanase*, two cases cited in our papers.

Even if the suggested expert testimony were proper, which it is not, it is also irrelevant. In order to be relevant, expert testimony must assist the trier of fact understand a complex or distinct issue in a case. Here, the critical issue for Defendants is whether they can prove that their default

under the note was the result of Highland's negligence. This issue is well within the common understanding of a lay person.

Again, this is a garden-variety collection action. All of the cases NexPoint cites in its papers in support of the notion that expert testimony is required, all of those cases involve professional malpractice cases, whether legal or medical. And in those cases, an expert was required to testify regarding the general standard of care in a particular industry.

Here, NexPoint doesn't seek to have an expert testify regarding the general standard of care in a particular industry. That is not an issue in this case. And this certainly is not a professional malpractice case.

NexPoint seeks to have its expert opine as to the scope of Highland's legal duties in a shared services agreement and ultimately whether Highland breached the purported duties, which, again, we submit it did not.

The other case NexPoint cites to, In re Schooler, that case also doesn't support Defendants' position, and in fact supports Highland's position. In that case, the Fifth Circuit noted, and I quote, Expert testimony is not needed in many, if not most, cases.

I also want to briefly address NexPoint's argument raised for the first time in its reply that Highland was also acting as an attorney to Defendants during this time. As a

1.5

procedural matter, this argument is entirely improper because it is not proper to raise an argument for the first time in a reply.

And on the merits, again, this is not a professional malpractice case. So for these reasons alone, such a contention should be summarily disregarded by the Court.

Finally, Your Honor, Highland would suffer prejudice if the motion is granted because it would be forced to expend significant and costly resources responding to the testimony in the form of retaining a rebuttal expert, taking and defending additional depositions, and engaging in more motion practice. This would be a waste of resources for both parties and for the Court because this testimony isn't ultimately going to be needed at trial.

It is improper because it opines as to the ultimate legal issues in this case that are reserved for the Court and then for the jury. And it is also irrelevant because all of the issues in this case are well within the common understanding of a lay person.

I also want to note that HCRE and HCMS's motions asking for the same relief are equally if not more frivolous than NexPoint's because HCMS and HCRE aren't even parties to the shared services agreement. To the extent HCMS and HCRE are asking an expert to testify regarding Highland's alleged duties under an oral agreement, the terms of which are

unknown, such a contention is frivolous on its face.

1.5

But even if such an alleged oral agreement exists, which it does not, this does not change the Rule 16(b) analysis. The Defendants fail to show good cause for modifying the scheduling order.

In brief, Your Honor, this motion is simply a delay tactic, the expert testimony is improper, and the motion should be denied. Thank you.

THE COURT: Thank you.

All right. Movants get the last word. Mr. Rukavina, anything further?

MR. RUKAVINA: Yes, Your Honor. Most of what opposing counsel says is the topic of a *Daubert* issue. We're not seeking to prejudice *Daubert* today, and they have every ability in the future to argue that Mr. Pully's testimony should not be admissible.

Second, this is not a garden-variety case. It is not. It is a case where, again, our lender was also our officer, was providing all kinds of payment services, accounting services, and legal services. It may not be unique, it may not have never happened before, but it is not a garden-variety.

I do take issue with the notion that there has been any delay in this case. That is not correct. I just looked at the docket again to refresh my memory. We had a contested hearing on my motion to withdraw the reference that the Debtor

objected to, arguing that 542 was a core matter. Your Honor rejected that argument, and Your Honor agreed with me, as did the District Court, that the reference will be withdrawn when this trial -- when this case is certified trial-ready.

So the notion that there has been delay, intentional delay by us, that this is a matter of delay, is absolutely wrong.

In fact, this lawsuit has gone on quickly. It's been handled professionally. Both sides have been cooperative, giving each other various accommodations. And I am proud, I think, of how every lawyer has handled themselves in this lawsuit. To suggest delay or intentional delay is wrong.

On the law, Your Honor, In re Schooler, I heard counsel argue that it's just illogical and wrong to argue that an expert wasn't required in one situation but now is. But that's In re Schooler, the Fifth Circuit, Your Honor, 725 F.3d 498, that I quote at length from. That's one where the trustee dropped the ball, a Chapter 7 trustee failed to give property of the estate. And that's the one where the Fifth Circuit does say, Accordingly, we have explained that, as a general rule, expert testimony is not needed in many, if not most, cases. And then the Fifth Circuit says that, It requires no technical or expert knowledge to recognize that she -- the trustee -- affirmatively should have undertaken some form of action to acquire for the bankruptcy estate the assets to which it was entitled.

But, again, this is not that case. This was that case before Mr. Waterhouse testified, and now it's not. This is not a case anymore where the debtor simply dropped the ball, as did that trustee, or as does the doctor who amputates the wrong leg, or as does the lawyer who misses a limitations deadline. This is now a case where, if the jury believes Mr. Waterhouse, the plot has thickened.

And finally, Your Honor, again, I'm not here to point fingers, but look at the Debtor's response to Interrogatory No. 1. All that the Debtor needed to say six or seven months ago to avoid this delay is that, oh, wait, we received an instruction not to pay. It would have taken ten words, one sentence, by the Debtor to fully answer an interrogatory and this motion would not have been necessary.

Thank you.

1.5

THE COURT: All right. Mr. Aigen, anything further from you?

MR. AIGEN: No, nothing further, Your Honor. We just join in Mr. Rukavina's reply points.

THE COURT: All right. As I understand it, the deadline was October 29th for disclosure of experts, and the record shows that at 5:22 p.m. on October 29th the Defendants — let me double-check that. That was actually the declaration of Mr. Rukavina. No, 5:22 p.m. on the deadline, the motion of the Defendant to extend the expert disclosure

and discovery deadlines was filed.

The legal authority that governs here is Rule 16(b). As everyone has acknowledged, it provides that deadlines in scheduling orders may be modified for good cause. I think the standard does apply here. While I guess a lot of the cases analyze it in terms of a request after a deadline has expired, I think a motion on the day of the deadline at 5:22 p.m. is going to be governed by Rule 16(b).

So, as the parties have argued to the Court, the Fifth Circuit has specified four factors in guiding a decision in this situation: the explanation for failure to timely move for leave to amend; the importance of the amendment; potential prejudice in allowing the amendment; and availability of a continuance to cure such prejudice.

Here, as I think everyone readily acknowledges, these
Defendants have always asserted as a defense that the Debtor
dropped the ball, I think was one phrase used. That, in any
event, it was the fault of the Debtor that the Defendants did
default on the payment of these notes. I do not think the
sudden statement of Frank Waterhouse suddenly is a gamechanger that creates some new need for an expert. So,
therefore, looking at the factors, I don't think the
explanation here to extend the deadlines has merit.

Moreover, as far as the importance of the amendment, Factor No. 2, I think it is appropriate to look at the big

1.5

picture here a little bit, even though we're not in a *Daubert* situation, and look at what the expert is argued to be needed for. And I do not think an expert can testify about contractual duties and attempt to interpret its provisions. That is the job of the Court, and I think it is improper subject matter for an expert.

I don't buy into any notion that this is terribly unique territory or exotic. I mean, it was a contract. Shared services agreements are not all that unique, shall we say? It's not a device that is used solely in the investment advisor fund world. It's in the corporate world generally. Courts see these in all kinds of cases. So, again, I don't think contract interpretation needs an expert here or should have an expert here.

And just because experts are sometimes -- often, I should say -- appropriate in legal malpractice or medical malpractice or other kinds of tort cases where duties might be needing of elaboration, here, the contract spells out the duties, and I just don't think any of those cases argued are applicable.

Prejudice, I do think there is potential prejudice in allowing an extension of this deadline. It will be costly, add a layer of expense and delay to this litigation, when I don't think it would be admissible at trial ultimately.

So the motions are denied.

Ms. Winograd, could you please prepare a form of order?

Kathy Rehling, CETD-444

Certified Electronic Court Transcriber

25

Date

Case 21	03005-sgj Doc 148-3 Filed 01/05/22	Entered 01/05/22 18:18:43	Page 895 of 899
			38
1		INDEX	
2	PROCEEDINGS		4
3	WITNESSES		
4	-none-		
5	EXHIBITS		
6	-none-		
7	RULINGS		34
8	END OF PROCEEDINGS		37
9	INDEX		38
10			
11			
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
25			
20			



CLERK, U.S. BANKRUPTCY COURT NORTHERN DISTRICT OF TEXAS ENTERED

THE COURT'S DOCKET

The following constitutes the ruling of the court and has the force and effect therein described.

Signed December 21, 2021

United States Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT FOR THE NORTHERN DISTRICT OF TEXAS DALLAS DIVISION

In re:	Chapter 11
HIGHLAND CAPITAL MANAGEMENT, L.P.,1	S Case No. 19-34054-sgj11
Reorganized Debtor.	
HIGHLAND CAPITAL MANAGEMENT, L.P.,	}
Plaintiff,	Adversary Proceeding No.
VS.	21-03005-sgj
NEXPOINT ADVISORS, L.P., JAMES DONDERO, NANCY DONDERO AND THE DUGABOY INVESTMENT TRUST,	
Defendants.	
HIGHLAND CAPITAL MANAGEMENT, L.P.,	3
Plaintiff,	Adversary Proceeding No.
VS.	3 21-03006-sgj

¹ The Reorganized Debtor's last four digits of its taxpayer identification number are (6725). The headquarters and service address for the above-captioned Reorganized Debtor is 100 Crescent Court, Suite 1850, Dallas, TX 75201.

HIGHLAND CAPITAL MANAGEMENT	- §	
SERVICES, INC., JAMES DONDERO, NANCY	§	
DONDERO, AND THE DUGABOY	§	
INVESTMENT TRUST,	§	
	§	
Defendants.	§	
HIGHLAND CAPITAL MANAGEMENT, L.P.,	_ §	
	§	
Plaintiff,	§	Adversary Proceeding No.
	§	
VS.	§	21-03007-sgj
	§	
HCRE PARTNERS, LLC (N/K/A NEXPOINT	§	
REAL ESTATE PARTNERS, LLC), JAMES	§	
DONDERO, NANCY DONDERO, AND THE	§	
DUGABOY INVESTMENT TRUST,	§	
	§	
Defendants.	<u> </u>	

ORDER DENYING MOTIONS TO EXTEND EXPERT DISCLOSURE AND DISCOVERY DEADLINES

This matter having come before the Court on the (a) *Motion of Defendant NexPoint Advisors, L.P. to Extend Expert Disclosures and Discovery Deadlines* [Adv. Proc. 21-3005, Docket No. 86] (the "NexPoint Motion") filed by NexPoint Advisors, L.P. ("NexPoint"); (b) *Defendant Highland Capital Management Services, Inc. 's Motion to Extend Expert Disclosure and Discovery Deadlines* [Adv. Proc. 21-3006, Docket No. 91] (the "HCMS Motion") filed by Highland Capital Management Services, Inc. ("HCMS"); and (c) *Defendant HCRE Partners, LLC's Motion to Extend Expert Disclosure and Discovery Deadlines* [Adv. Proc. 21-3007, Docket No. 86] (the "HCRE Motion," and collectively with the NexPoint Motion and the HCMS Motion, the "Motions") filed by HCRE Partners, LLC ("HCRE," and collectively with NexPoint and HCMS, "Defendants"); and this Court having considered (i) the Motions; (ii) *Highland's Objection to Motion of Defendant NexPoint Advisors, L.P. to Extend Expert Disclosure and Discovery Deadlines* [Adv. Proc. 21-3005, Docket No. 104; Adv. Proc. 21-3006, Docket No. 109; Adv. Proc. 21-3007, Docket No. 104] (the "Objection") filed by Highland Capital Management, L.P. ("Highland"); (iii) the (a) *Reply of*

Defendant NexPoint Advisors, L.P. in Support of Motion to Extend Expert Disclosure and Discovery Deadlines [Adv. Proc. 21-3005, Docket No. 115] (the "NexPoint Reply") filed by NexPoint; and (b) Highland Capital Management Services, Inc. and HCRE partners, LLC's Reply in Support of Defendants' Motion to Extend Expert Disclosure and Discovery Deadlines [Adv. Proc. 21-3006, Docket No. 120, and Adv. Proc. 21-3007, Docket No. 115] (the "HCRE and HCMS Replies," and together with the NexPoint Reply, the "Replies") filed by HCRE and HCMS; and (iv) the arguments made during the hearing held on December 13, 2021 (the "Hearing"); and this Court having found that Defendants have not established "good cause" under Rule 16(b) of the Federal Rules of Civil Procedure for the relief requested in the Motions; and this Court having jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334; and this Court having found that venue of this proceeding and the Motions in this District is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and upon all of the proceedings had before this Court, and after due deliberation and sufficient cause appearing therefor, and for the reasons set forth during the Hearing on these Motions, IT IS

1. The Motions are **DENIED**.

ORDERED, ADJUDGED, AND DECREED THAT:

2. This Court retains jurisdiction with respect to all matters arising from or related to the implementation, interpretation, and enforcement of this Order.

END OF ORDER

CERTIFICATE OF SERVICE

The undersigned hereby certifies that, on January 5, 2022, a true and correct copy of the foregoing document, including any exhibit(s) thereto, was served on the following recipients via the Court's CM/ECF system:

Case Admin Sup <u>txnb_appeals@txnb.uscourts.gov</u>

Bryan Christopher Assink bryan.assink@bondsellis.com

Clay M Taylor clay.taylor@bondsellis.com

Daniel P Elms <u>elmsd@gtlaw.com</u>, <u>guerrak@gtlaw.com</u>

Davor Rukavina <u>drukavina@munsch</u>.com

Deborah Rose Deitsch-Perez <u>deborah.deitsch-perez@stinson.com</u>, <u>kinga.mccoy@stinson.com</u>, <u>patricia.tomasky@stinson.com</u>

Douglas Draper <u>ddraper@hellerdraper.com, dhepting@hellerdraper.com, gbrouphy@hellerdraper.com, vgamble@hellerdraper.com</u>

Gregory V Demo <u>gdemo@pszjlaw.com</u>, <u>hwinograd@pszjlaw.com</u>, <u>jfried@pszjlaw.com</u>, <u>lsc@pszjlaw.com</u>

Jeffrey N Pomerantz <u>jpomerantz@pszjlaw.com</u>

John A Morris jmorris@pszjlaw.com, hwinograd@pszjlaw.com, lsc@pszjlaw.com

Julian Preston Vasek <u>jvasek@munsch.com</u>

Leslie A Collins <u>lcollins@hellerdraper.com</u>, <u>dhepting@hellerdraper.com</u>

Michael P Aigen michael.aigen@stinson.com, stephanie.gratt@stinson.com

Stacey G Jernigan sgj settings@txnb.uscourts.gov, anna saucier@txnb.uscourts.gov

Zachery Z. Annable <u>zannable@haywardfirm.com</u>, <u>zannable@franklinhayward.com</u>

/s/ Davor Rukavina

Davor Rukavina